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ABSTRACT

Teacher incentive systems enable school districts to address the current concerns of their constituencies: teachers' concern with salaries, administrators' concern for attracting good people into the teaching profession, and community concern that increased expenditures for teacher salaries have not improved education. Accordingly, this handbook is designed to assist local school district planners in improving teacher quality and motivation. First, an analysis is provided of the causes of difficulty in attracting highly qualified teachers, motivating all teachers, and retaining superior teachers. Next, major alternative teacher incentive systems are identified, based on analogous systems in the private sector. These include compensation plans, career options, enhanced professional responsibilities, nonmonitary recognition, and improved working conditions. Findings from research and experience about the effectiveness of these alternative incentives are then summarized. Finally, guidelines are provided for selecting, adapting, and implementing teacher incentive programs. An appendix suggests complementary responsibilities for national and state agencies to help strengthen teaching through the improved use of incentives. A 68-item bibliography is included. (TE)

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TEACHER INCENTIVES

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EA 016 823

A Tool for Effective Management

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TEACHER INCENTIVES

A Tool for Effective Management

Prepared by
Cresap, McCormick and Paget

The National Association of Secondary School Principals
The National Association of Elementary School Principals
The American Association of School Administrators

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Foreword

People agree generally that teachers are underpaid and that the nation's best teachers are especially under-recognized as well as underpaid. Little agreement exists, however, about effective steps to resolve the situation.

Among educators a broad spectrum of opinions are voiced, ranging from the conviction that merit recognition programs damage faculty morale to arguments that sufficient funds simply do not exist to do the job properly and to a belief that careful planning and commitment will bring positive results.

The American public, however, shares few of these apprehensions and appears determined to implement teacher performance pay programs. The argument that merit pay has come and gone in education for 70 years makes little difference to the typical citizen. "These are new times with new demands that require a new effort," is the response.

The National Association of Secondary School Principals, the National Association of Elementary School Principals, and the American Association of School Administrators agree that a high technology, information-based society places new expectations upon its schools to improve student learning, and that strong teachers are the key to improved student achievement. We are concerned, however, that some school districts are rushing into establishing teacher performance or incentive pay programs without adequate preparation. Because we cannot afford to repeat the mistakes of the past, school districts throughout the country must develop and apply promising teacher incentive programs that are formulated rationally and based solidly upon research and experience.

Our three associations believe the best strategy to recognize outstanding teaching is teacher incentive programs. While teachers should have the opportunity to receive public recognition and increased pay, care must be taken to involve representatives of all participants in the formulation of plans. Care also must be taken to ensure that incentives are available to the entire teaching corps, but with no guarantees.

The purpose of this handbook on teacher incentives is to bring the best current professional advice on incentive programs to school administrators, teachers, and school board members. The handbook, containing the most promising ideas in the field, should be considered within the context of local conditions. No one program will work for all communities. Communities should apply the appropriate teacher incentive elements, and only these elements, that make sense given their local aspirations and restraints. Certainly some risk is involved in launching any worthy endeavor, but mistakes can ordinarily be avoided by thoughtful planning and discussion. School districts should consider incentive programs for administrators as well as for teachers.

The AASA, NAESP, and NASSP appreciate the generous support of the Atlantic Richfield Foundation, which made possible this project on teacher incentive programs. The NASSP also wishes to acknowledge a grant from Burger King, Inc., which allowed the distribution of this publication to its entire membership. Atlantic Richfield and Burger King are committed to the improvement of teaching and learning in the elementary and secondary schools of the nation.

Finally, our three associations wish to commend Dr. Eugene Smoley and Dr. Jon Schaffarzick, and their colleagues at Cresap, McCormick and Paget, for conducting this excellent study and preparing the initial draft of the report.

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CHAPTER

Focus and Purposes of the Handbook

School districts across the country are under pressure to improve the performance of their teachers as part of a growing national interest in strengthening the quality of education. Teacher incentive systems represent one management strategy that can attract and retain good teachers and motivate them to superior performance. Other strategies—such as improved training, expanded program resources, valid performance appraisal, and supportive working conditions—can also be effective.

There are three compelling reasons for focusing on teacher incentives now. First, the teacher work force is growing. Teaching positions will expand by approximately one-half of the current teaching force in the next decade; large numbers of teachers will retire during this same period. At the same time, the qualifications of persons entering teacher education programs have fallen. Meanwhile, some districts cannot find qualified candidates to fill positions in areas such as mathematics, science, special education, and bilingual education.

Second, the increasing pressure to make schools more effective will require improvements in teacher quality. Alternative approaches to educational improvement (such as "teacher-proof curricula") have not met expectations or have failed outright. That these efforts, which often have been used to compensate for inadequate teachers, have fallen short serves to reinforce a central assumption of this handbook: teacher quality is the most powerful determinant of educational outcomes and progress will be made only to the extent that we can attract better people into teaching and keep them there.

Finally, there is a need to improve the management of education so that new expenditures are used. While other management strategies may improve the quality of teaching, incentive systems combine an emphasis on improvements in teaching and in teacher salaries with performance appraisal systems to increase accountability by providing rewards for performance. Without the assurance of improvement in quality and accountability, the public is unlikely to increase funds for teacher salaries.

The central recommendation of this handbook is that each school district consider teacher incentives as a management strategy. Teacher incentive systems enable districts to address the current concerns of their constituencies: teachers' concerns that their salaries—never high to begin with—have fallen further behind other professionals with comparable responsibilities and training requirements; administrators' concerns that they are losing larger numbers of good prospects to private industry because of widening compensation discrepancies; and parents' and other community members' concerns that increased expenditures on teacher salaries have not improved productivity.

Purpose. This handbook will assist local school district planners charged with determining how to improve teacher quality and motivation. To help, the handbook:

- Analyzes causes of difficulty in attracting highly qualified teachers, motivating all teachers, and retaining superior teachers
- Identifies major alternative teacher incentive systems capable of alleviating these problems
- Summarizes what is known from research and experience about the effectiveness of alternative incentives
- Provides guidelines for selecting, adapting, and implementing teacher incentive systems.

Faced with public pressure to improve the quality of schooling, some school districts and states have acted quickly to adopt merit pay, master teacher, bonus, or career ladder programs. Some of these plans are too new to judge; others appear to be floundering amidst teacher apprehension and worsening teacher-management relations. Other districts believe that they must do something, but they are worried about the accounts of failure and the lack of support from teachers' organizations. They would like to proceed carefully, taking advantage of lessons from past experience and relevant research. This handbook provides support for that effort.

Assumptions. The choice of incentives as the focus for this handbook and the approach taken are based on several key assumptions. First, the right incentives, coupled with other appropriate management strategies, are capable of significantly influencing teacher

job choice and motivation. Second, the attraction, retention, and motivation of highly qualified persons will affect the quality of teacher performance, which in turn will affect student outcomes. Third, all school districts can make important gains through appropriate use of incentives, but each district must fashion its own incentive plan to meet its own particular needs.

Organization. The next chapter discusses problems of the teaching profession that have led to the current interest in improvement. Chapter 3 summarizes what is known about incentives from research and experience (in all types of organizations) as one important basis for designing programs that avoid past mistakes and build on lessons learned. Chapter 4 describes incentives used in the private sector. Chapter 5 reviews the types of incentives available for local choice, indicating the purposes best served and the strengths and weaknesses of each type. Chapter 6 gives special attention to a most important but difficult aspect of any performance-based incentive program: performance appraisal.

Chapter 7 provides procedural advice for school districts to consider in determining needs, designing plans, and implementing incentive programs. It suggests ways of estimating the likely costs and benefits of incentive programs, a critical step in comparing the importance of the objectives to be served by incentives with other district goals, in allocating resources, and in deciding how far to go (if at all) in building an incentive system.

Finally, an appendix suggests complementary responsibilities for national and state agencies for strengthening teaching through the improved use of incentives.

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CHAPTER

The National Teacher Work Force Problem

The teaching profession, many believe, is in serious trouble. Recent critiques of American education by the National Commission on Excellence in Education (1983) and eight other national groups or studies express alarm at the current status of teaching and teacher preparation.

These reports link teacher quality with the declining state of learning in the nation. Three problems stand out: (1) teaching fails to attract the most able young people; (2) a disproportionate share of the highly able teachers leave teaching to pursue careers elsewhere; and (3) most schools fail to motivate and support teachers to consistently give their best effort. This chapter reviews the nature of these related problems.

Attraction of Qualified Candidates

The teaching profession fails to attract the most academically able students. Compared to students electing to teach a decade ago, today's candidates have significantly lower college entrance scores. Students training to be teachers rank fourteenth out of 16 occupational groupings on Scholastic Aptitude Test (SAT) verbal scores and fifteenth out of 16 on SAT quantitative scores. Although SAT scores in general have declined in the past decade, teacher trainees' scores have dropped at a faster rate. Similar trends have emerged from analyses of the Graduate Record Exam (GRE), the National Teacher Examination (NTE), and high school grade point averages (Vance and Schlechty, 1982).

Fewer choose teaching. Proportionately fewer students are preparing for teaching today than a decade ago. Fewer than 5 percent of full-time college freshmen chose elementary or secondary school teaching as a probable career in 1982, compared with 19 percent in 1970. Women have always constituted the mainstay of the teaching force. In 1966, 760,000 women majored in education compared to 204,000 in business. In 1977, by contrast, only 601,000 women majored in education, compared to 819,000 in business (Feistritzer, 1983).

The best not always chosen. Not everyone who trains to teach actually ends up teaching. Only 70 percent of the graduates of teacher training programs enter the classroom as teachers. Most disconcerting is evidence that candidates who obtain teaching jobs may be less qualified academically than those who do not. Research indicates that administrators choose beginning teachers who "fit in" rather than those who are most promising on objective grounds (Schlechty and Vance, 1981).

Areas of shortage. Many districts are already facing a shortage of qualified teachers in the fields of mathematics and science. Reports from 43 states indicate shortages of math teachers, and 42 states report shortages of physics teachers (Futrell, 1983). By 1995, at least 40 percent of the present 200,000 mathematics and science teachers (who are older on average than teachers in other subject areas) will be retired. This will aggravate current shortages (Aldrich, 1983).

Shortages of foreign language teachers may appear as graduation requirements are reinstituted. Also, the recent issuance of several emergency credentials to English teachers in California points to a potential shortage in this subject as well (California Round Table, 1983).

Shortages are hard to project. It is difficult to anticipate future patterns of career choice and the unknown size of the reserve pool of credentialed teachers who are not currently employed as teachers. Nevertheless, with the annual demand for new teachers pegged at 200,000 by the end of the 1980s, shortages in certain regions, subject areas, and grade levels seem likely (National Center for Education Statistics, 1981).

Why Teaching May Be Less Attractive

Teacher recruitment problems are quite familiar: low pay, low prestige, an oversupply of teachers (until recently), few career options within teaching, and deficiencies in working conditions. Observers disagree about the relative importance of these causes, but they concur that all have contributed to diminish the attractiveness of teaching as a career.

Low salaries. Low pay is frequently cited by those who do not choose teaching as a career (Brederson, Fruth, and Kasten, 1983; Page and Page, 1982). Ac-

cording to reports from the Bureau of Labor Statistics, Endicot, and the College Placement Council, beginning salaries for teachers with a bachelor's degree are lower than in any other professional occupation (California Round Table, 1983).

The effects of low pay are magnified over a teaching career. Teachers starting at $13,000 can generally hope to earn about $25,000 after 15 years, but accountants starting at $16,000 typically earn $50,000 or $60,000 after 15 years (Feistritzer, 1983).

Low prestige. Low prestige is mentioned as frequently as low pay as an impediment to attracting higher caliber students into teaching. American society professes a higher regard for teaching than it actually holds (Lortie, 1975). A 1977 Louis Harris survey indicated that teachers ranked sixth among 15 occupations believed to have great prestige, but only 45 percent of persons polled by Gallup in 1983 wanted their children to pursue teaching as a career. (In 1969, 75 percent of persons polled by Gallup favored a teaching career for their children).

Measures of the profession's low prestige are reflected in other indices. Americans indicate declining confidence in the public schools. The 1983 Gallup Poll revealed that 60 percent of the respondents graded the schools C or below; 45 percent of the respondents assessed the quality of teaching at grade C or below. In 1975, only 44 percent of the respondents rated the schools' performance at C or below.

A growing problem for teachers is the poor support they receive from parents and students. According to an NEA Nationwide Opinion Poll, students' attitudes toward learning have a negative impact on many teachers' morale and job satisfaction. Most teachers believe that parent and student interest and involvement in the classroom have declined. High school students often express surprise that well-qualified persons choose to teach. Teachers resent that citizens value the schools less, even as they simultaneously expect the schools to assume more and more of the responsibilities formerly handled by families.

Oversupply of trained teachers. New teachers in the 1970s passed the word that teaching positions were not abundant, thereby contributing to decreased enrollments in teacher training programs. This revised enrollment pattern may have prompted a secondary effect—the dilution of college courses and entry requirements for teacher training programs to preserve enrollments and the tuition which accompanied them. Unfortunately, these efforts to maintain enrollment levels may further dissuade the more academically able students, who foresee little stimulation from either the curriculum or fellow students.

Limited professional options. The limited professional options available in the field of teaching add to the difficulty of attracting qualified individuals into the ranks. With the possible exception of medicine, other fields offer a more diverse menu of jobs upon graduation. Law and business administration graduates, for example, can pursue numerous occupational paths as a consequence of their training.

Unattractive working conditions. As students, potential teaching candidates have witnessed the difficult working conditions faced by many teachers: poor facilities, excessive paperwork, large class loads, breakdowns in authority, intransigent student behavior, and feelings of inadequate help and support. Moreover, teachers are increasingly portrayed in the press as laborers driven by rules, procedures, and paperwork, with little leeway for creativity.

Retention of Superior Teachers

Evidence indicates that able teachers leave the classroom in disproportionate numbers. Districts can improve their capability to identify, support, and retain the most competent teachers while counseling out the truly incompetent.

Keeping the right people. Public schools appear to be unsuccessful in retaining the best teachers. Many of the more academically able teachers stay in teaching for a relatively short period of time, four years or less. Although national teacher turnover rates hover around 6 percent annually, turnover rates for the initial four years of teaching are much greater. Some researchers estimate that 50 to 60 percent of those who enter teaching leave the profession during this period (Schlechty and Vance, 1983).

Although few statistics on teacher dismissals are available, public concerns about the number of ineffective teachers who are allowed to remain in the classroom indicate that a serious problem exists in many school districts. With the exception of layoffs, teacher departures usually result from individual (rather than organizational) choice.

Causes of Retention Problems

The problems of poor retention of quality teachers stem in part from some of the same factors responsible for the low attraction in the first place. Low pay emerges as a significant cause of teacher departures, but a sense of ineffectiveness in the classroom contributes equally, if not more so, to the decision to leave. Other factors include the frustration that comes from a lack of opportunity for professional growth, inadequate preparation time, conflict with or lack of support from administrators, and student misconduct. Low public esteem for teachers and limited opportunities for recognition also contribute to decisions to leave the job (Rosenholtz and Smylie, 1983; Goodlad, 1984; Boyer, 1983).

Job dissatisfaction. Teachers today report a noteworthy growth in job dissatisfaction. In 1981, 36 percent of teachers surveyed by the National Education Association said they "probably" or "certainly"

would not become teachers again. In 1966, only 9 percent said this (Feistritzer, 1983). The level of dissatisfaction appears to vary by subject area and type of school. Nationally, secondary school teachers are more dissatisfied than elementary school teachers, and teachers in inner-city schools are more dissatisfied than teachers in other settings (Goodlad, 1984).

Inadequate pay. Pay for teachers has not kept pace with the economy. Teachers' salaries decreased by 12.2 percent in real dollars in the years 1972-73 to 1982-83. In contrast, per capita income in the nation rose by 6.5 percent in the same decade (Feistritzer, 1983).

The typical American teacher is a married woman still in her thirties who possesses a masters degree, has taught for 12 years, and has two children. Because most salary schedules include 10 to 15 steps for teachers with bachelors or masters degrees, the typical teacher is close to reaching the zenith of her earning potential. In addition, she may become a single head of her household and find a typical teacher's salary even more difficult to live on.

In response to low salaries, many teachers report taking second jobs ("moonlighting"). Nationally, 11.1 percent of teachers admit to working two jobs; the average pay earned through moonlighting is $3,189 (Boyer, 1983).

Working conditions. Many teachers depart because the job fails to meet their original expectations and offers too few intrinsic rewards to compensate for this failure. Public school teachers face a diverse clientele with a wide range of academic and social attributes. Many days are punctuated by interrruptions that interfere with instructional efforts. Further, teachers typically have few opportunities for collegial interaction.

Teacher Motivation

Teachers who remain in the classroom show signs of weakened motivation to advance their best efforts. "Teacher burnout," a term coined to refer to the stress, alienation, and apathy, is a growing problem. Though reporting great autonomy in their jobs (Goodlad, 1984), teachers indicate a pervasive sense of powerlessness. One major report on the American high school notes that "many teachers have entered into an unwritten, unspoken, corrupting contract that promises a light work load in exchange for cooperation in the classroom" (Boyer, 1983).

Impediments to motivation. Multiple reasons lie behind this state of affairs: weakened public regard for education, feelings of ineffectiveness in the classroom, and frustrating working conditions. Teachers see their intrinsic rewards diminishing as demands grow. They are expected to teach a diverse population of students, many of whom are academically unmotivated, and to perform a range of functions from paper pusher to cafeteria duty to hall monitor.

Formal and informal sources of reward and recognition for teachers are limited in many districts. Many teachers report infrequent and inadequate evaluations (Rosenholtz and Smylie, 1983). The isolation of most classroom teachers hinders colleagues from observing one another and providing recognition for classroom performance. Many districts have reduced the number of sabbaticals and special teacher projects. With almost half of the teachers already holding masters degrees, the usefulness of additional education as a form of recognition for the veteran teacher has dwindled (Feistritzer, 1983).

Motivation also is hindered by the scarcity of opportunities for teachers to move to positions requiring more skill and expertise. Administrative positions are scarce today as a result of declining enrollments and tighter budgets. Many teachers feel that they are stranded at a plateau with few opportunities for growth or reward (Feistritzer, 1983).

Tight economic conditions and social trends have complicated opportunities for renewal such as temporarily taking time off to raise a family or to pursue another interest. The career teacher can no longer be confident that a job will be there upon his return. Additionally, many households today are dependent on two incomes.

Impact on the Quality of Education

Problems afflicting the teaching profession require serious attention because they influence a major determinant of learning—teacher quality. Beyond instruction, teachers also serve as adult role models for students. This function has grown in importance as a result of reduced opportunities for students to interact with other adults in the home or larger community (Bronfenbrenner, 1977).

Importance of academic talent. Although academically talented individuals do not always make good teachers, individuals with mediocre academic skills are unlikely to excel at teaching those skills. The consistent relationship found between teacher verbal ability and pupil achievement serves as major evidence for this position (Rosenholtz and Smylie,1983).

Feelings of effectiveness. A teacher's feeling of effectiveness has repeatedly emerged as contributing to student achievement (Rosenholtz and Smylie, 1983). Likewise, teachers' enthusiasm and "positive orientation" show beneficial consequences in classroom learning outcomes (Goodlad, 1984).

Higher order thinking skills. The deficits in the educational achievement of our youth center primarily on the higher order, critical thinking skills that require an academically talented teaching force. Schools perform rather well in teaching the fundamentals of reading, writing, and arithmetic. They per-

form less well in teaching more complex abilities (Goodlad, 1984). These skills are essential to the American economy in the future as the country's marginal advantage shifts toward technical innovation (Tucker, 1983).

Complex Historical and Societal Trends

The problems of poor attraction, retention, and motivation of quality teachers find their roots in history and society.

Historical trends. Teachers' pay has never been high when compared to that of other professions. Instead of high pay and prestige, teaching historically has offered job security, altruistic satisfactions, and upward mobility for a large segment of the population emerging from immigrant or blue collar status. More important, schools were able to capitalize on the restricted job opportunities available to women and minorities, the job scarcity of the Depression, and the readjustment period following World War II when the GI Bill expanded college opportunities. None of these conditions currently is present.

Current social changes. Several contemporary currents in American society weaken the attractiveness of the profession. The student body in today's public schools is highly diverse, reflecting a mix of ethnic origins, different abilities to speak English, highly variable home environments, and various views on discipline and social propriety. Many teachers feel ill-prepared to handle this increased diversity.

A general diminution in adult authority structures has occurred over the last 20 years, weakening parental abilities to guide their children's conduct and reducing the school's "in loco parentis" role. In addition, multiple diversions compete with schools for students' attention. Working is a fact of life for many groups of teenagers. Television draws time away from academic pursuits at all ages. Added to these complications is the information explosion to which the schools must respond. Schools are asked to perform additional roles in the health and social areas as well.

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CHAPTER

Incentives in the Schools: What We Know

Although research on such relevant topics as motivation, decision making, and the effectiveness of alternative incentives has yielded few absolute principles, lessons from research and experience can help in local planning. In particular, the practices of private companies provide valuable information about the context for planning. This chapter sets the stage for an examination in Chapter 5 of the types of incentives available to school districts.

Motivational Factors

Decisions about which incentives will best motivate workers must reflect the right balance between organizational and individual needs. Equally important is an assessment of the personal qualifications demanded by the job. For example, some jobs require a high degree of autonomous behavior; others require the ability to work with people.

Attraction to occupations. People are attracted to professions and occupations for various reasons, including particularly the need for security, self-esteem, intrinsic satisfaction, altruistic satisfaction, and high pay. The combination of reasons tends to vary according to age, sex, and, most important, stage in life. As a general rule, younger people appear to be more influenced by pay than are older persons. But because pay can relate to multiple needs (security, prestige, a sense of accomplishment), the influence of pay may increase or decrease at other critical life stages. Most studies indicate that women often rank collegiality and altruism over pay in choosing a career, although this pattern may show shifts as women encounter expanded job opportunities. Starting income generally appears to be a significant factor in college students' first job choices.

Occupational retention. Similar reasons are associated with job retention, although their order of significance differs. For example, pay generally diminishes in relative significance as people age, probably as a consequence of their attaining higher income levels. Pay may take on greater meaning, however, if income has not kept pace with original expectations or if higher income levels have not been achieved.

Shifts in patterns of motivation. Motivation in the workplace shifts over time as changes occur in occupations and social pressures. A tight economy with few job openings heightens the need for security and income. The 1960s witnessed a surge in altruistic motivation primarily among young adults. Research on today's college students reveals a heightened interest in being very well off financially (Cooperative Institutional Research Program, 1984). In the past decade, declining enrollments and budget reductions have reduced the teaching profession's ability to offer job security as an incentive.

Motives for teaching. What do we know about incentives that will motivate academically strong students to pursue teaching and that will retain and motivate outstanding teachers already on the job? Students who avoid teaching say they look elsewhere because of the job's low pay and prestige. In contrast, persons who do choose to teach say that they value intrinsic rewards, collegiality, mastery of subject matter, and working with young people (Rosenholtz and Smylie, 1983). Pay and security are generally downplayed by would-be teachers; but, unlike the general pattern across occupations, income increases in importance over time for teachers, probably as the financial obligations accompanying family life increase.

Monetary Incentives

Researchers tend to underestimate pay as a motivator, while managers usually overestimate its influence (Lawler, 1971). The reluctance of researchers to give pay higher standing is based on surveys during the last four decades that found income to rank third or lower in a list of important job aspects. This resulted in researchers becoming preoccupied with the human relations component in jobs. Today, monetary incentives are recognized once again as influencing employees.

Base Pay

Adequate base pay is critical in attracting and retaining qualified employees, although it alone can do

little to foster superior levels of performance. Raises in base pay may overshadow job irritations and result in short-term improved performance, but, generally speaking, across-the-board pay raises do not lead to sustained productivity increases. Inadequate base pay can also undermine the effectiveness of performance-based monetary incentives. When base pay is too low, managers feel pressure to distribute performance awards evenly to all employees.

Teacher base pay. Today, the base pay of many teachers falls short of what is needed to attract and retain highly qualified candidates. The salary and expenditure patterns in public education are complex, however. Available figures indicate that teachers' salaries have lost ground to other professions and in real dollars (Feistritzer, 1983; Halstead, 1983). Yet nationally, school district expenditures per pupil have increased slightly in real dollars during the last seven years. While exact statistical analyses are lacking, evidence suggests that these increased dollars have allowed decreases in class sizes, possibly through the creation of more special teaching positions (Halstead, 1983). Some experts forecast an improvement in teaching salaries nationwide as a result of supply and demand pressures and lower inflation levels. The current annual rate of increase in teacher salaries nationwide is 9 percent (Halstead, 1983).

Performance-Based Pay

Once adequate base pay is achieved, performance-based pay can motivate individual performance if three conditions prevail. First, the reward must represent an appreciable amount of money. Second, employees must believe that their performance actually influences pay. Finally, employees must value income. As previously noted, individuals vary with respect to the priority they attach to income. Nevertheless, accumulated evidence shows that income counts to some extent for all groups.

Effectiveness of performance-based pay. Pay that is truly linked to performance generally leads to improved productivity (Lawler, 1971). Moreover, there is strong evidence from research that most employees are more satisfied with their pay when they believe that it accurately reflects individual output. Research also suggests that group performance-based compensation schemes can be effective motivators, although they do not affect productivity as much as individual merit compensation programs do. Group plans, however, perform a critical function in many organizations in which individual performance-based pay plans alone might lead to undesirable levels of competition among workers.

Public sector experience. Research indicates that public sector organizations also have encountered difficulties implementing performance-based pay. The federal government's efforts to institute such a plan through the Civil Service Reform Act of 1978, which authorized bonus payments for the "superior performance" of senior executives and merit awards for middle managers, have not yet shown impressive results (Perry and Pearce, 1983). Reports of impaired morale, inadequate resources, favoritism, and low managerial commitment characterize the federal government's effort to date. While these are serious problems, it may be too early to judge a four-year-old reform of so vast a bureaucratic entity as the federal government. The implementation experience of state and local government agencies reflects some of the same problems with pay for performance compensation designs, although in some instances short-term productivity improvements have been achieved. Researchers note that in most agencies few employees have been denied merit ratings, and employees have perceived those that have been given as reflecting factors other than performance (Greiner et al., 1981).

Public school experience. Most public school districts that have tried performance-based pay have dropped it. Today about 4 percent of school districts compensate employees on the basis of performance. Those that have dropped it cite a range of obstacles: administrative difficulties, personnel conflicts, union demands, and financial problems (Educational Research Service, 1983). As a result, 96 percent of school districts compensate teachers solely on the basis of years of experience and level of educational attainment (degrees and credits). The effectiveness of this practice has been questioned. Studies show little relationship between years of experience and improved performance after the first five years of teaching and between additional degrees and classroom performance.

Private school experience. Studies of several private schools using such plans report teacher satisfaction with performance pay. However, more than half of the teachers in these schools typically receive performance pay. Moreover, many teachers in these schools report that they do not know the performance criteria on which awards are made (Bridgman, 1983).

Implementation Barriers to Performance-Based Pay Incentives

The experience of many organizations in implementing performance-based pay suggests that a common set of barriers can hinder the proper conditions for incentives. Performance-based pay can work, but it usually requires sustained attention to reduce difficulties.

An environment of mistrust. Subordinates must have a measure of trust in their superiors' judgments and fairness. A performance-based pay plan may magnify distrust if discriminations are made among employees. A trusting environment explains the suc-

cessful experience of many private schools with performance-based pay. Democratic as opposed to authoritarian organizations hold an advantage in minimizing mistrust associated with performance-based pay.

Inflation. Inflation erodes the value of base pay and pressures organizations to place first priority on spreading available dollars to all employees and to award raises on an annual cycle ("Pay for Performance," 1983).

Restricted access to financial awards. Performance-based pay requires that everyone who performs at predetermined high levels of productivity receive higher pay. Shortfalls in funding or an unexpectedly large number of highly ranked employees may limit awards, thereby reducing confidence in the system.

Inadequate performance appraisal. Overly subjective performance appraisals, and performance measurements that lack validity are the greatest obstacles to making pay-for-performance work. One personnel authority has called performance appraisal the "Achilles heel" of the profession (Heneman, 1975). Another study reports that there is often as much as a 70 percent disagreement between superior and subordinate about the subordinate's job responsibilities (Lawler, 1971).

Managers' reluctance to judge. Managers often are reluctant to evaluate employees' efforts, especially if their assessments will influence monetary rewards. Evaluating performance introduces role conflict for many superiors who wish to concentrate on helping employees improve. In many cases, managers are untrained for the evaluation task and lack the required support systems.

Employees' inflated expectations. Disappointment occurs when performance ratings do not correspond to the expectations of employees. When asked, 80 to 90 percent of employees rate themselves in the highly productive category (Mikalachi, 1976; Brinks, 1980; Meyer, 1975).

Performance Incentives Other Than Pay

Pay is just one way to recognize and motivate outstanding performance in the workplace. Career advancement, promotion, personal feedback, and individual honors provide managers additional opportunities to recognize performance. In fact, salary increments tend to lose their potency in circumstances where employees are highly paid.

Promotion and advancement. Promotion and career advancement opportunities are common performance incentives in fields other than education. They provide status levels to which employees can aspire and serve as benchmarks of career progression. As one researcher noted, they provide job occupants an orientation to the future instead of the present (Rosenholtz and Smylie, 1983). In contrast, education provides virtually no promotional opportunities for individuals intent on classroom teaching. In some cases, special teaching assignments are available, but they are typically regarded as lateral organizational moves as opposed to stages of advancement. Moreover, they often remove teachers from the classroom. Some experts contend that this low advancement potential calls into question the status of teaching as a professional career (Lortie, 1975).

Administrative promotions. Promotional opportunities in education are almost exclusively administrative—the principalship, central office positions, or the superintendency. Thus, teachers interested in career advancement must dramatically change the nature of their jobs. Scientific organizations face a similar problem of a two-track profession composed of management and technical jobs, but these organizations frequently rely on gradations within the separate tracks. Bell Labs, for example, considers all employees in the technical track "members of the technical staff" but bestows a range of job titles on these employees. Few individuals at Bell Labs move between technical and management positions once they are with the company.

Administrative jobs present other difficulties. In organizations with low ceilings for advancement, pressure may build to increase the numbers of administrative positions to provide opportunities for upward mobility. When such organizations experience periods of decline, opportunities for promotion are cut back and feelings of career stagnation intensify. School districts affected by declining enrollments illustrate this phenomenon.

Differentiated staffing. In the 1960s and early 1970s, some school districts tried to diversify and restructure classroom teaching jobs. Through differentiated staffing, teachers specialized in specific tasks, such as lecturing, diagnosing learning problems, leading small groups, and teaching specific subjects. A few differentiated staffing programs attached higher pay to specific tasks or specializations, thus stimulating a system of upward career advancement. But these distinctions quickly dissipated due to inflexibility and a lack of agreement among teachers that certain positions required greater skills.

Feedback. Performance-based feedback can also recognize and reward employees. This approach may prove especially effective in education because of the high value teachers reportedly attach to classroom observation and feedback about instructional skills. Some studies show that frequency of observation and feedback correlates strongly with teacher satisfaction, regardless of the evaluative judgment rendered (Natriello and Dornbusch, 1981). One possible drawback of formalizing the performance appraisal process is that it may cause managers to restrict performance-

based feedback only to the context of the formal review. One private sector expert recommends that supervisors and subordinates share informal performance expectations and judgments on a day-to-day basis regardless of the performance recognition system used ("Administering Pay Programs," 1977).

Improving Jobs and the Work Environment

Individuals can be influenced by a range of other considerations. These include the opportunity to be effective, to grow professionally, to work with others, and to work in a safe, pleasant environment. These elements are important in both private and public sector jobs, but they may have heightened significance in teaching because of the strong altruistic motives and desire for collegiality reported by individuals who enter education.

Effectiveness. Teacher success relates directly to student achievement. Removing barriers to effective classroom teaching provides a means of increasing teachers' intrinsic job satisfaction. Research confirms that reductions in nonacademic intrusions on class time (a step frequently requested by teachers) improve student achievement through increasing direct instructional time (Rosenshine, 1976). Other experts recommend mechanisms to handle chronically disruptive students who interfere with the productive use of class time (Rosenholtz amd Smylie,1983). Elimination of teaching requirements that trivialize the curriculum, such as those mandating the teaching of kindness to animals, have been suggested as ways to increase concentration on cognitive dimensions (Boyer, 1983; Goodlad, 1984).

Professional development. Limited professional growth opportunities for teachers can undercut job satisfaction. Several researchers have observed that most teaching skills are learned on the job by trial and error (Lortie, 1975). This practice may explain why the first five years of teaching lead to the most dramatic improvements in classroom skills. In contrast, teachers in schools judged unusually effective typically have opportunities to learn from their colleagues and, as a result, show a stronger relationship between total years taught and classroom performance (Rosenholtz and Smylie, 1983).

Collegial satisfaction. Most schools fail to meet the collegial needs of teachers. A 1975 study found that 45 percent of elementary and secondary school teachers had no contact with other teachers in the course of a day; 32 percent reported only occasional contact (Lortie, 1975). Except for free periods in the secondary schools, teachers have few opportunities to share common problems and sustain any form of intellectual life with their colleagues (Boyer, 1983).

Working conditions. The environment of the work place is a significant part of one's life and enters into others' perceptions of the worth of an occupation. Unsafe, unattractive surroundings, and a lack of respect on the part of students contribute to a negative image of what it means to be a teacher. A 1982 NEA study reported that 18.2 percent of teachers believed their work was hindered by discipline problems and the negative attitudes of students. The work space afforded teachers can add to the stress of daily classroom life.

Summing Up the Evidence

The research on incentives to motivate job performance and make occupations more attractive clearly establishes the importance of both extrinsic and intrinsic rewards. Employees choose occupations and perform at different levels for a variety of reasons. At a minimum, pay must be perceived as adequate or must be supplemented by other rewards. The recognition of performance through monetary or nonmonetary means also serves as an important motivator of effort in the workplace. Finally, the stimulation and sense of accomplishment provided by a job and the work environment are significant sources of employee satisfaction and willingness to work hard.

Researchers disagree about which incentives are most effective. Most organizations and professions require a mix of incentives. Whether one incentive accomplishes more than another is ultimately a function of the target group of employees in question, the organizational context, and the foresight and managerial skill that guide implementation. Most incentives (particularly those linking pay or advancement to performance) require sensitivity to employee distrust of performance appraisal systems.

4
CHAPTER

Incentives in the Private Sector: What We Know

Incentives are used extensively in the private sector, and the private sector experience is often cited as a rationale for instituting teacher incentives. This section looks at the major types of incentives used in the private sector and their relevance to teacher incentives.

Direct Financial Incentives

Direct financial incentives consist primarily of merit increases in base pay and bonus arrangements.

Base Pay

Companies make a real effort to ensure parity with comparable positions in other companies and across positions within the company itself. This is especially true for organizations where talent is in short supply (such as research scientists, computer programmers, marketers, and sales managers.)

Merit Increase in Base Pay

Changes in base pay are made in industry for three primary reasons:

- Increase due to promotion: the job changes (or the individual changes jobs) and the pay is adjusted for market comparability or internal equity.
- Merit increase: the individual becomes more proficient at his or her job.
- Cost of living increase: pay is raised to keep up with inflation.

Unfortunately, many private sector employers have combined the latter two forms of adjustment so that the employees do not know how much of the increase is due to personal performance and how much is the result of economic conditions.

Companies that are more thoughtful and progressive in this area have separated these two forms of adjustment by giving them at separate times and by giving them distinct names—as opposed to making an annual salary adjustment or "raise." Merit increases have the most leverage in shaping employee behavior, but they lose their impact if they are blurred together with increases given for other reasons. Longevity and degree status are generally not as significant to pay changes in the private sector as in teaching.

In most effective company programs, merit increases are directly related to the achievement of specific performance-related goals. Ideally, at the start of the year an employee and manager sit down and define the employee's performance objectives for the year and agree on how they will be measured. Throughout the year, progress against these goals is reviewed. At year-end the employee's salary is adjusted to reflect the relative success in achieving the previously outlined goals.

If they have not been met, there is no significant increase; if performance has been exceptional, pay is increased by 10 to 15 percent. The remainder of the employees fall somewhere in between. Inflation is treated separately. Recently, many companies have been adjusting the time between increases (from six months to two years) in addition to the size of the increase, to provide greater flexibility.

The effectiveness of this whole process hinges on the quality of the goal-setting and measurement processes. Industry has experimented with a whole range of performance planning and appraisal systems, from very specific goal setting (known as management by objectives, or MBO) to less structured discussions. No matter what form is used, the keys to success are regular management-employee dialog, clear direction and guidance in goal setting, employee ratings, and rewards related to ratings.

Examples include:

- A manufacturer in the midwest uses a multi-rater, multi-factor performance assessment process whereby each individual is rated by a number of individuals on specific, clearly-defined factors. Those ratings are plugged into a complicated formula which yields an overall rating, which in turn dictates the merit increase percentage.
- Another manufacturer uses a single rater, five-point rating appraisal. The manager simply makes an overall rating of the employee based on impressions of the employee's performance during the

For additional information on private sector programs, contact Dr. Eugene R. Smoley, Jr., Cresap, McCormick and Paget, 1875 I Street NW, Washington, D.C. 20006.

year. The manager does not compare the employee to his or her peers. The rating dictates the merit increase percent.

- A medium-sized computer company uses a "forced distribution" method that forces managers to rank employees according to a "normal" distribution. Each quartile has pre-established merit increase percentages.
- A number of companies simply provide each manager with a merit budget which the manager is free to distribute among employees.

Bonus Plans

In addition to adjusting rates of pay through merit increases, many companies offer bonuses, which are typically lump-sum awards. Unlike merit increases, these do not become part of the base pay for the following year.

Bonuses are used to reward performance in a given period. They are useful in that they allow management to vary the total annual compensation expense in line with corporate performance. If the company has a bad year, the bonuses can be small and the compensation expense drops (or vice versa). Bonuses can take many forms, but they are distinguished in the following ways:

- **Timing.** Bonuses can be paid monthly, quarterly, or annually. They are usually given as soon as the relevant performance can be measured. Executive bonuses are generally paid annually, when financial results are prepared; sales incentives are often paid monthly or quarterly.
- **Measurement.** Bonuses can be awarded on a completely discretionary basis ("you did a good job this year"), for achieving certain levels of performance ("production was 120 percent of last year"), or on the basis of some combination of judgment and measured outcomes.
- **Employee level.** Bonuses often are limited to middle to upper management levels. In such cases, employees at lower levels receive no significant income supplements. The major exception to this are sales staff members who receive more direct incentives, such as straight commission (a percentage of sales) or sales bonuses. In manufacturing, bonuses may be based on increased production and/or reduced costs.
- **Individual vs. group.** Often bonuses are paid equally or proportionally (according to current salary) to an entire group or division. The incentives are based on that unit's overall performance, profitability, and/or productivity. This solves the problem of determining who is responsible for the result; if the unit performs, everyone shares in the results. This also increases peer pressure, because employees know that all will suffer if one member performs poorly.

Bonuses have become a powerful and popular incentive in American industry. They are popular because they afford flexibility; there is no commitment to give them from one year to the next, and they can be used to meet focused business needs. They are powerful because they encourage employees to monitor and support each other, and because they can put a substantial portion of an employee's total compensation "at risk" on a regular basis.

If there is no performance there is no bonus. This provides more individual control and reduces the risk of losing all pay (through termination).

Several examples are:

- A major magazine holds approximately 35 percent of each sales representative's total income at risk each year. Employees who do not meet or exceed their quotas receive no bonuses and suffer a significant loss of income.
- An auto parts manufacturer provides a bonus to each shift that improves production over the previous period without any increase in quality rejects. The greater the increase, the greater the bonus. All employees share equally.
- A large pharmaceutical company in the midwest utilizes a detailed MBO plan under which each employee is given specific performance objectives for the year and a "target" bonus for achievement of the objectives. The bonus is prorated for partial achievement of goals, and is expanded if goals are exceeded.

Other Direct Financial Incentives

Companies use a number of other devices as direct financial incentives. Several forms of stock ownership are used: outright gifts, stock bonus plans, stock purchase plans, and stock option plans. Also, qualified profit-sharing plans are used to encourage performance through tax-deferred contributions to a profit-sharing fund.

These incentives are more applicable to companies than to public sector organizations, because they depend upon the profit-making status of companies. They also tend to apply to higher level executives because their direct effect on company or division profits is more readily apparent than that of lower level managers.

Indirect Financial Incentives

Companies often provide indirect financial incentives that would cost the employees if they were to purchase the items themselves but which do not result in any real dollar distribution. Perquisites and supplemental executive benefits are examples of indirect financial incentives. Such incentives can contribute to positive feelings about the organization. They provide an additional incentive to reach levels in the organization where they are offered.

Supplemental executive benefits include supplemental retirement plans, special insurance arrangements, and executive death benefits. Perquisites include company cars, club memberships, financial counseling, and special travel arrangements.

Nonfinancial Incentives

Companies also make extensive use of programs that enrich the career of the individual. Selection for such programs is typically perceived to be prestigious, indicating that those selected have high potential. Such programs provide several incentives. First, they can better equip an employee to perform more effectively. Second, they provide incentives to those not included in such programs to achieve the level of performance necessary to be selected. Finally, inclusion in such programs clearly signals to employees that they have the eye of upper management and the opportunity to succeed if they continue to apply themselves. Programs that are frequently employed in industry today include:

- **Cross-functional training.** As organizations grow, many create very narrow career paths for specialists. While there are advantages to such a division of labor, it can also prevent employees from obtaining sufficiently broad experience to become more senior managers. Therefore, a number of companies have begun to select "high potential" candidates fairly early in their careers. Once selected, such candidates rotate between staff and line positions, thus gaining an understanding of many facets of the business.
- **In-house education.** Seminars, management training sessions, and study courses help to broaden knowledge and ability at relatively little cost to the organization. They also foster a sense of personal growth and momentum, and reassure employees that they are being prepared for greater responsibility. These brief (one hour to one day) sessions can also keep the employees up-to-date on changing regulations, new products and services, more efficient approaches to administration, successful marketing techniques, and other important topics.
- **Formal education.** Sending an individual to a training program such as an executive development program at a graduate school of business signals the organization's interest in the employee's career, and provides an example to other aspiring officers.
- **Career development programs.** Many companies have made career assessment and development centers available to all employees. Employees may nominate themselves to work with career development professionals who prepare profiles outlining their strengths and weaknesses. As part of the process they prepare specific action steps to make needed improvements and participate in a regular review process.
- **Team projects/task forces.** Virtually all organizations have important projects that, for one reason or another, remain on the back burner. Task forces composed of promising employees can be effective in implementing new technologies, developing innovative plans to respond to the new opportunities, or creating and marketing new products or services. These task forces are becoming more than a luxury for an overstaffed organization; they are a necessity for companies that are positioning themselves to face a less regulated and far more competitive future. By participating in a task force, an employee believed to have high potential can demonstrate his or her abilities and can develop a useful network of contacts among associates while gaining wide exposure to the organization.
- **On-leave assignments and sabbaticals.** Another type of opportunity is provided in government or community service on a temporary basis. Companies that "lend" talented employees to prestigious not-for-profit bodies gain recognition for their public spirit and generosity. (Paying the employee's full salary and benefits is invariably part of the arrangement.) The loaned executives make contacts and gain experience that is likely to be of value to themselves and to their employers.
- **Special recognition awards.** Many companies have created awards to give recognition to employees for outstanding service, good ideas, or extended service. The recognition can take the form of pins, plaques, certificates, special dinners, pictures posted in prominent places, write-ups in employee newsletters, or actual monetary gifts.

Examples of nonfinancial incentives include:

- **Cross-functional training.** A large midwest partnership has a special "high potential" program in which promising middle managers are rotated through a series of six 18-month assignments. If they successfully complete all six, they are placed in director level positions.
- **Career development.** A Los Angeles based bank has developed career development centers in which employees are counseled on how to further their careers. Specific action plans are discussed and developed, but the ultimate responsibility for their completion resides with the employee.
- **In-house education.** A consumer products company offers regular courses on such subjects as management style, time management, team building, and product marketing to employees nominated by their managers.
- **Formal education.** A major financial services institution annually allows three division level executives to attend the Harvard Management Development Program. The managers nominate themselves and are selected by a committee of senior executives.

- **Team projects/task forces.** A New York money center bank regularly pulls managers off the line and places them in dedicated assignments for from 6 to 18 months. These teams are charged with developing or implementing new products or services.
- **On-leave assignments.** An international consulting firm will "loan" its employees to government or private nonprofit organizations for a period of up to two years. The employee must make a special application and have it approved by the directors.

Dual Career Ladder

Dual career path or multi-ladder systems of career progression have been used widely in technologically oriented firms for many years, and are most widely used in high-tech organizations. The basic concept of a dual career path program is to provide formal, essentially parallel, career paths and reward systems for managers and for scientists, engineers, or other professionals.

One objective of dual career path programs is to attract and retain employees whose value to the organization is likely to be based on individual contributions of specific expertise. A second, equally important objective is to increase the ability of the organization to respond to business necessities. Such programs can provide greater flexibility in the placement of individuals within the organization.

In addition to initial recruitment and retention considerations, another strong reason for providing the technical career option is to avoid the problem of coercing or enticing strong technical people to take on management responsibilities which may result in losing an excellent technician and gaining a mediocre manager. A multi-ladder program is a useful tool for providing recognition for technical contributions and for preventing people from taking up management careers when ill-suited for them. A clear parallel exists in the teaching profession.

Equally important, such a program can serve to redirect the careers of some individuals who are technically quite strong but currently not effective in management jobs.

In addition, evidence shows that multi-career ladder programs are essential features of the recruitment packages of most high-tech companies. While there is no great competitive advantage in having one, it is a major disadvantage in recruiting efforts not to have one. The absence of such a program places job evaluation and compensation systems under considerable pressure to provide ad hoc recognition for technical contributions. Since these systems were not designed for this purpose, the distortions involved in accommodating some technical employees can erode their credibility.

Further, the multi-career ladder approach provides significant recognition by peers that an individual contributor is successful in his or her career. Peer recognition is a powerful motivator for scientists, engineers, and other professionals. Many technical people are concerned that they not be dead-ended in technical jobs, but have the prospect of continued growth and advancement. Finally, the technical employees who reach the higher levels of the engineering/scientific ladders will serve as important role models to newer employees.

Examples of dual career ladders in industry include:

- A major Texas-based oil refinery gives its engineers and scientists the option of choosing managerial or technical career paths fairly early in their careers. Both paths are clearly defined, with specific parallel positions, similar job titles, pay grades, and perquisites. Individuals may move from one path to the other, but at least one step "backward" is required to make the transition.
- A major research lab has a system in which the technical staff is separate from management. Each member of the technical staff ranks the work of his or her colleagues on two factors: technical expertise and contribution. A general bonus fund is distributed among the members of the technical staff on the basis of these rankings. Salaries are based on experience and education, and are not affected by supervisory responsibilities.
- A southwest computer firm has established super-technical "consultant" positions that receive compensation and benefits on a par with group managers.

Summary of Private Sector Experience

Although the private-sector use of incentives is often cited as evidence that teacher incentive systems can work, the analysis of current practice and research yields mixed results.

Performance-based pay in private sector organizations seems to be less prevalent than popular belief would suggest. Managers typically are paid according to some form of performance-based schedule; blue collar employees, however, are usually paid according to a fixed rate schedule. Further, the high rates of inflation in the last decade have forced many companies to reduce or eliminate performance-based increases.

Many employees do not believe that their pay is based on performance. For example, 73 percent of the work force states that the quality and amount of effort they put into their work has little to do with how they are paid (Yankelovich and Immerwahr, 1983). The compensation levels of top and middle level managers, who ostensibly are paid on the basis of performance, may show low correlations with their perfor-

mance evaluations (Lawler, 1971; Kearney, 1979).

A number of companies, however, have had success with performance-based pay plans. These companies have decided that the required investment in time (for designing and managing the system and for conducting performance appraisals), and in the incentive rewards themselves are worth the projected benefits, and have backed their plans accordingly. Also, many of these organizations have reputations for innovation, including innovation in their approaches to human resource management.

A number of successful practices in private sector organizations have direct applicability to teacher incentives. Several generalizations can be made. First, there is an overall emphasis on merit pay in the private sector. Although often inadequately implemented, this represents a focus on performance greater than that present in education. Second, many of the nonfinancial incentives (particularly the programs designed for self-improvement) are not limited to executives. Third, the dual career ladder concept comes from high technology companies where the problems of motivation and reward of technical experts is similar to that of teachers.

5
CHAPTER

Types of Incentives

Five categories of incentives that may be employed by school districts to attract, motivate, and retain highly qualified teachers are:

- **Compensation plans (including merit pay and bonuses):** various modifications in salary schedules, benefits, and perquisites to reward teachers and to address specific needs in attracting and retaining particular types of teachers
- **Career options (including career ladders):** various modifications in the traditional structure of the teaching career
- **Enhanced professional responsibilities (including master teacher plans):** ways of increasing teachers' compensation and making the job more interesting by extending and varying teachers' responsibilities
- **Nonmonetary recognition:** awards and other ways of motivating teachers through attention to their accomplishments
- **Improved working conditions:** ways of making teaching more professional and enjoyable (and therefore more attractive) by improving the physical and social conditions under which teachers work.

Figure 5.1 lists the incentives in each category and indicates the broad purposes for which each type is most appropriate. For example, improvements in working conditions are useful primarily in motivating teachers' effort and improvement, but they may indirectly affect a district's ability to attract and retain high quality teachers by making the district a more attractive, professional place to work. Career ladders are intended primarily to help retain superior teachers and motivate all teachers, but they may indirectly help attract stronger new teachers who see better opportunities for advancement than in other districts. Bonuses may be varied in structure to address each purpose.

This chapter describes the various types of incentives and analyzes their advantages and disadvantages. These analyses focus on eight factors considered particularly important in choosing among incentives:

- Ability to attract and retain teachers
- Ability to motivate teachers
- Reasonableness of cost
- Potential impact (likely general level of change that can be expected from use of an incentive)
- Importance of performance appraisal (extent to which difficult technical requirements associated with such appraisals will have to be met)
- Degree of required change (extent to which a district will have to change its organization, staffing, or procedures to adopt an incentive)
- Ease of administration
- Likely acceptability (including, particularly, acceptability to teachers and community members).

Following the descriptions of the five categories are summary analyses of the various incentives' strengths and weaknesses and likely relative levels of resource requirements.

In discussing some types of incentives, we refer to illustrative programs that are actually in place or being developed in specific school districts. For a more complete listing and description of existing teacher incentive systems, readers should consult the Educational Research Service's recent report, "Merit Pay Plans for Teachers: Status and Descriptions" (ERS, 1983).

Compensation Plans

Many of the incentives that are attracting considerable attention involve changes in the amounts of and/or bases for teachers' monetary compensation, including salaries, benefits, and perquisites. Seven types of compensation-related incentive plans are discussed here.

Performance-Based Salaries

Merit pay. One of the most direct ways of recognizing and rewarding superior teaching is to vary annual salary increases as a function of performance. The most common form is merit pay, to pay outstanding teachers more to continue teaching well, rather than to assume additional responsibilities. Merit is determined through use of a performance appraisal system, and the teachers who perform best are given larger raises. A range of increases may be established to reflect many different levels of performance quality,

FIGURE 5.1
Purposes of Teacher Incentives

Type of Incentive	Purpose: Attract High Quality Teachers	Retain Superior Teachers	Motivate Effort and Improvement	Accomplish Other Community Goals
Compensation Plans				
• Performance-Based Salaries	•	•	•	
• Bonuses	•	•	•	•
• Market-Sensitive Salaries	•	•		•
• Salary Differentiation Based on Job Factors	•	•		
• Loan Forgiveness and Scholarships	•			
• Grants, Sabbaticals, Training		•	•	
• Modification in Base Salaries and Benefits	•	•		
Career Options				
• Career Ladders	•	•	•	
• Short-Term Career	•			
• Part-Time and Joint Appointments	•	•	•	
• Early Retirement	•			
Enhanced Professional Responsibilities				
• Master Teacher Assignments		•	•	
• Teacher Projects		•	•	
• Longer Day or Year	•	•	•	
Nonmonetary Recognition		•	•	
Improved Working Conditions	•	•	•	

or extra amounts may be given to just those teachers judged outstanding.

Under one of the best known and oldest merit pay systems in the country—in Ladue, Missouri*—each teacher is placed on one of three salary schedules based on performance. Being on a higher schedule gives a teacher an opportunity to earn more points in the principal's evaluation, but does not guarantee a larger salary increase. (A teacher on the top schedule who has an unsatisfactory year can earn zero evaluation points.) Each teacher is guaranteed at least his or her last year's base salary (excluding any merit increment). At the end of the year, the school board allocates funds from the merit pool according to evaluation points earned.

Modified salary schedule. Another approach is to add a third factor (performance) to the two factors traditionally used to determine annual salary increases (cost of living adjustment and years of experience). Each year the school board adopts a salary increase matrix, with the columns representing years of experience (up to a maximum, which might vary according to degrees and credits earned) and the rows representing ranges of performance appraisal points.

The percentage increase adopted for each cell in the matrix is based on all three factors (cost of living adjustment, years of experience, and performance). Percentage increases in the bottom row (representing unsatisfactory performance) might be held to zero (that is *no* increase for any of the three factors). Each teacher's annual salary increase is the percent indicated in the cell designated for his or her performance and experience. In time, teachers' salaries would vary substantially as a result of differences in percentage increases received over the years.

Strengths and weaknesses. Figure 5.2 lists the likely advantages and disadvantages of performance-based pay plans on the eight critical assessment dimensions. Overall, the purported advantages of performance-based pay are that it can improve the morale and retention of superior teachers, motivate all teachers to improve, and focus attention on instruction. These

*See address in appendix.

FIGURE 5.2

Analysis of Performance-Based Salaries

Assessment Factor	Possible Advantages	Possible Disadvantages
Ability To Attract/Retain	• Opportunity to earn higher salary for superior performance may attract higher quality candidates. • Monetary rewards for performance may improve morale and retention of superior teachers.	• Some strong candidates and existing staff may dislike competitiveness of plan.
Ability To Motivate	• Rewarded teachers are likely to be more highly motivated.	• Morale of unrewarded teachers may decline.
Cost	• Additional expenditures may be seen as justified if results are substantial.	• Cost may be high if quotas are avoided, many teachers qualify, and rewards are sufficiently large to be seen as worthwhile. • Performance appraisal may be expensive.
Potential Magnitude of Effects	• If fully implemented, adequately financed, and accepted by teachers, it may have among the strongest effects of all incentive plans.	• Negative effects may outweigh positive if rewards are insufficient or if destructive competition and jealousy result.
Importance of Performance Appraisal	• An effective performance appraisal system is required, which may support improvement and provide a basis for dismissing incompetent teachers.	• If insufficient time and resources are devoted to developing a strong appraisal system, the incentive plan may lose credibility and support. • Development of an effective appraisal system is difficult.
Degree of Required Change	• Teachers are rewarded for concentration on teaching; additional roles and responsibilities are not necessary.	• Significant attitudinal changes are required for acceptance. • Emphasis on performance represents a large shift in many districts.
Ease of Administration	• Some versions may be easier to administer than more complex structural changes. • If appraisal system is sound, decision making is straightforward.	• Management of complex appraisal system can be demanding; much time is required.
Likely Acceptability	• Community will be supportive if plan attracts and retains better teachers and improves outcomes. • Teachers will be supportive if plan accurately discriminates among levels of performance.	• Community may be opposed if it appears that more is being spent for the same people and results. • Teachers will be opposed if decisions are subjective, criteria are too narrow, and competition replaces collegiality.

schemes raise some critical issues and dangers, however, and must be addressed very carefully.

All performance-based plans require an adequately valid, reliable, objective performance appraisal method and qualified, well-trained evaluators. These criteria are not easy to meet. It may be difficult to reach agreement on such critical features as selection criteria and methods, responsibility for assessment and decision making, types and sizes of rewards, and whether salary increases are to be kept confidential or publicized. There are dangers that rewards will be given to the same people year after year, that conformity (rather than creativity) will be encouraged, and that competition, jealousy, and parental pressure will replace collegiality. If sufficient funds are not available, rewards may be too small to provide motivation. Variations in teaching objectives and circumstances cause measurement and selection difficulties.

Merit pay plans have a poor overall track record in education (see, for example, Educational Research Service, 1983), but they have worked well in some districts. Some people believe that the dangers of

performance-based pay outweigh the potential advantages, but the fate of such plans is always a function of individual districts' circumstances and the appropriateness and quality of specific plans.

Bonuses

Bonuses, sums of money given on a one-time basis, can address a variety of purposes. They may be offered to outstanding college graduates to induce them to enter teaching rather than take jobs in other fields. They may be given as annual performance rewards, rather than salary increases. (Varied amounts may be offered for different levels of performance, or a set amount may be given only to the most outstanding teachers.)

Bonuses may also be used to accomplish high-priority community goals, such as attracting strong candidates in areas of shortage (such as science or mathematics), encouraging teachers to teach at inner-city schools or other schools that have more difficulty in attracting teachers, or improving teacher attendance.

Perhaps the most extensive bonus plan in operation in education today is Houston's Second Mile Plan.* Under this plan, teachers who satisfy a number of criteria (such as holding a valid certificate, receiving an acceptable assessment, demonstrating proficiency in academic skills, and having five or fewer days of absence in a year) are eligible for a number of bonuses. They are given for teaching in schools with concentrations of disadvantaged students; teaching in areas of critical staff shortage; exceeding the qualifying attendance requirements; successfully completing courses in subjects relevant to a teacher's current assignment; serving in schools that exhibit outstanding educational progress; and serving in "unique campus assignments" (campuses for which no test data are available).

Bonuses may be awarded to teams, departments, grade levels, schools, or even whole districts, as well as to individuals. The Dallas Independent School District,* for example, is implementing a plan that will yield bonuses to all staff members in the 25 percent of its schools that demonstrate the best achievement test gains relative to projected gains. (Projected gains are determined on the basis of students' performance during the preceding three years. The top 25 percent of schools that exceed these projections are rewarded.) Part of the rationale for this plan is to encourage cooperation within schools, rather than competition between individuals. It is hoped that teachers will be motivated to help one another and that pressure will develop to dismiss incompetent teachers.

In Seiling, Oklahoma,* teachers may receive different bonuses for achieving individual and school objectives. Individual teachers may receive total bonuses of as much as $1,000 annually if their own classes and their schools exceed pre-established goals for achievement test gains. (Achievement of school goals earns each participating teacher $500 at the elementary level and $300 at the secondary level. Additionally, elementary teachers receive $250 if their classes meet reading score goals and $250 if math score goals are achieved. Secondary school teachers may earn $140 bonuses for each of five classes in which goals are met.) Participation in the bonus program is voluntary. Bonuses are not part of salary and are not carried forward to the following year.

Strengths and weaknesses. The pros and cons of bonuses are listed in Figure 5.3. Because receipt of a bonus one year does not guarantee a bonus the following year, motivation to perform well is renewed annually. Bonuses do not affect base salaries in succeeding years or retirement costs, thereby reducing long-term budget requirements.

If confidentiality is desired (to avoid demoralizing teachers who do not receive rewards or who receive smaller rewards), it may be easier in some states to keep information about bonuses (as opposed to salary increases) secret. If bonuses are tied to the achievement of agreed-upon objectives, teachers will be encouraged to design and attempt specific needed improvements, additional expenditures can be shown to reflect additional effort and accomplishment, and the basis for rewards is relatively objective. Teachers need not be forced to participate (if bonus programs are voluntary), and teachers are able to select their own areas of attention and emphasis.

On the other hand, there are some potential disadvantages to bonuses. Funds for bonuses may be more vulnerable to budget cutting than funds for salary increases. Also, if the program is voluntary, some of the best teachers may choose not to participate and, as a result, some superior classroom effort and performance may go unrewarded.

Market-Sensitive Salaries

School districts typically have more difficulty in attracting highly qualified (or even certified) teachers in some subject areas than in others because of fluctuations in supply and demand. For example, many districts are currently finding it difficult to find enough adequately trained math and science teachers. Some districts are experiencing shortages of bilingual and special education teachers. The types and severity of the shortages vary by geographical location, depending on market conditions.

In addition to offering bonuses to teachers in areas of shortage, another approach to this problem is to establish market-sensitive salaries. Recommended in the report of the National Commission on Excellence in Education, this approach identifies areas of shortage and establishes differentiated starting salaries and salary schedules, corresponding with the differentiated market rates in the subject area. (For exam-

*See address in appendix.

FIGURE 5.3
Analysis of Bonuses

Assessment Factor	Possible Advantages	Possible Disadvantages
Ability To Attract/Retain	• Bonuses may be effective in attracting strong candidates in areas of shortage or especially qualified persons in all areas. • Bonuses may encourage superior teachers to remain if used to reward performance.	• Bonuses may be less effective than higher salaries in attracting strong candidates, who may be concerned that bonuses will not last beyond the initial year(s).
Ability To Motivate	• Motivation to perform well is renewed annually. • Negative effects on nonrecipients' morale may be avoided by keeping information confidential. • Teachers can be encouraged to attempt needed improvement.	• Some of the best performances may go unrewarded if program is voluntary and some of the best teachers decline to participate.
Cost	• Bonuses do not affect base salaries in succeeding years. • Bonuses do not affect retirement costs.	• Funds may be more vulnerable to budget cutting than salary funds. • Cost may be high if bonuses are sufficiently numerous and large to motivate desired behavior.
Potential Magnitude of Effects	• Bonuses can have substantial effects if they are substantial.	• Positive effects may be limited to particular teachers or objectives if program is too narrow.
Importance of Performance Appraisal	• Bonuses for goals other than performance (such as entering teaching, teaching in certain schools, or improving attendance) do not require change in performance appraisal systems. • If bonuses are tied to performance, impetus may be given to improvements in the appraisal system.	• If bonuses are not related to performance, the most important accomplishments may go unrewarded. • If bonuses are tied to performance, the difficulties inherent in developing an effective appraisal system must be overcome or choices will lack credibility.
Degree of Required Change	• Bonuses may be implemented without organizational or other fundamental changes.	• Bonuses are not a familiar concept in education and may take time to be accepted.
Ease of Administration	• For non-performance goals, criteria will be objective and decision making will be straightforward.	• If performance is to be rewarded, substantial time will be required. • If bonuses are used for various purposes, plan may become complex.
Likely Acceptability	• Increased income may lead to teacher support. • Voluntary participation and confidentiality may make plan more acceptable to teachers. • Community will be supportive if results are improved and if costs can be restricted by not affecting salaries in subsequent years and retirement demands.	• Teachers may oppose if they believe that the wrong goals are rewarded, some teachers have an advantage over others, or decisions are subjective. • Community will oppose if it believes that more money is being spent without visible improvement.

ple, the relative level of beginning teacher salaries would change with the relative demand for persons with different skills in the marketplace.)

Strengths and weaknesses. This plan has the advantage of paying what is required to attract and retain appropriately skilled teachers. It makes salary distinctions not based on experience or degrees. If the main cause of difficulty in attracting talented math and science teachers is the gap between what they can earn in teaching and in other occupations requiring similar training, this plan should help solve the shortage problem.

The plan's main weakness is its fundamental impact on current salary arrangements. It requires a new salary structure (which is subject to negotiation in many districts) and would not be achieved without struggle. Furthermore, as it changes the definition of "equity" among teacher salaries, many incumbent teachers would be affected negatively. Finally, as market conditions change, there would be the continued need to revise salary schedules. There is also the technical difficulty of defining the market for cost comparison purposes.

Salary Differentiation Based on Job Factors

Most existing teacher salary plans not only ignore variations in the markets for teachers with different qualifications, but they also assume that all teaching positions are equal in job requirements, difficulty, and importance.

It is possible to use the analytic techniques that differentiate among administrative and supporting services positions to establish distinct teaching classifications that are based on specified job factors. Although many aspects of teaching would be similar across subject areas and grade levels, some clearly would vary. Examples of job factors which might distinguish one group of teachers from another would include:

- **Knowledge and skills.** This is generally defined as the range and depth of information and understanding required, and the level of ability needed to apply that knowledge to the functions of the position; ratings differ depending on complexity and difficulty of the knowledge and skill demands and the type of knowledge and skills required to achieve objectives.
- **Impact and accountability.** This is defined as the degree to which the position is instrumental in achieving the organization's goals.

By using factors such as these, teaching positions can be ranked and related to the relevant job markets. Salary grades can be established for clusters of teaching positions, with each grade having its own set of salary steps.

Strengths and weaknesses. The potential advantages of salaries based on job factors are that they provide different rewards to teachers who face different job requirements, and they can be directly linked to the achievement of district goals. For example, the teaching of effective writing may be rewarded differently than physical education instruction, depending on specific communities' values and objectives and on an assessment of the relative knowledge and skills required for each position.

Two fundamental problems with implementing such plans are:

- The establishment of an effective job evaluation system and the achievement of agreement on the relative worth of different teaching jobs will be difficult.
- This type of plan cuts to the heart of assumptions underlying existing salary schedules, would require negotiation in many districts, and would likely encounter resistance from teachers.

Loan Forgiveness and Scholarships

To attract recent college graduates in areas of shortage, or graduates with outstanding records and potential in all areas, school districts might offer to make educational loan payments during each year of employment, until the loans are paid off. (Students who have not had to obtain loans for their education might be given an equivalent amount in cash.) At an earlier stage, outstanding prospects who are still in college might be given scholarships with the proviso that they teach in the district at least one year for each year of scholarship support.

Strengths and weaknesses. The opportunity to have loans repaid may be a sufficient additional financial inducement to attract some persons who otherwise would not consider teaching. On the other hand, if private companies or other competing organizations really want the same people, they may be in a better position to do the same thing and more.

Offering such assistance to some teachers but not others may create morale problems among the others, and may even face legal obstacles in some states. A danger of offering scholarships to outstanding college students who appear to be promising future teachers is that it is difficult to identify people who will make good teachers that early. Also, it may be costly and aggravating to try to recover funds from people who renege on their promises, as evidenced by the difficulties experienced by the federal government in recovering money from loan recipients.

Grants, Sabbaticals, and Training

Superior performance may be rewarded and tired teachers may be renewed through sabbaticals, grants for special projects, or participation in special training opportunities.

The Tempe (Arizona) Union High School District* recognizes outstanding performance each year by awarding two teachers per high school as much as $1,000 each for attending national professional conferences, purchasing instructional equipment, or participating in seminars. Recipients are selected on the basis of quality of classroom instruction and management; contributions to students, departments, and schools; and professional growth efforts. Teachers are nominated by other teachers and administrators, reviewed by principals, and selected by the superintendent.

Strengths and weaknesses. Recognition through such means is attractive in many respects; it is nonthreatening, positive, and capable of contributing to professional growth. Furthermore, such programs need not be costly. Teachers on sabbatical can be paid less than their normal salaries (say, 50 to 70 percent), for example, and can be replaced temporarily by beginning teachers at the low end of the salary schedule. This also allows the district to observe some young candidates for teaching positions, yielding more information on which to base hiring decisions.

Modifications in Base Salaries and Benefits

Across-the-board salary increases. Teachers' organizations assert that almost all teachers' salaries are too low relative to compensation offered for comparable professional positions and that performance-based plans will divert funds from base salary increases. An opposing viewpoint is that paying all teachers a standard additional amount will do little to motivate improved performance and that opportunities for better performers to earn more will attract and retain the most qualified persons while justifying greater expenditures to the community.

Higher starting salaries. If a district is experiencing more difficulty in attracting strong candidates to its teaching positions than in retaining its best teachers, it might consider raising entry level salaries rather than salaries at all levels. This approach clearly costs less than raising the entire salary schedule, but it has the drawback of creating salary compression: the rate of increase beyond the starting years will diminish, which may demoralize older teachers.

Flexible benefits. Many school districts are currently considering "cafeteria plans" for their fringe benefits programs. Such plans allow employees to vary their combinations of benefits to meet individual needs. For example, a teacher who already has health insurance under his or her spouse's employer's plan may opt for more coverage in another area or even cash rather than the unneeded coverage.

Flexible benefit plans might be used to help attract and retain good teachers and to improve morale and motivation by improving responsiveness to individual needs. People considering teaching might be offered cash rather than benefits in order to increase their immediate income. (They may not yet be interested in building toward retirement, and they may be willing to take larger risks in health coverage.)

The limits of such plans are usually restricted by factors beyond the school district's control, however. The scope and flexibility allowable under existing laws remain unsettled. The Internal Revenue Service has not yet issued final regulations under the enabling tax law, and it recently limited the flexibility under some parts of the Internal Revenue Code more severely than previously anticipated. Moreover, most retirement plans are run by states and allow little or no local discretion. Thus, rather than being able to offer flexibility in the full amount of fringe benefits (which typically amount to 25 to 33 percent of base salary), districts will most likely be limited to offering flexibility in benefits amounting to 5 to 15 percent of base salary.

Career Options

Beyond modifications in compensation plans and the provision of opportunities for teachers to raise their salaries through the assumption of additional responsibilities, more fundamental possibilities may exist in restructuring the teaching career in various ways to attract, motivate, and retain larger numbers of highly qualified persons. These possibilities include career ladders, the concept of teaching as a short-term career for most, part-time and joint appointments, and greater use of early retirement.

Career Ladders

The basic purposes of career ladders are:

- To encourage good teachers to stay in the profession by providing advancement possibilities within teaching,
- To counteract stagnation by varying teachers' responsibilities and activities at each level,
- To reward and motivate superior teachers through enhanced prestige, responsibility, and increased remuneration.

Career ladders typically have three or four levels, including some combination of entry (or probationary, or apprentice), continuing (or regular, or career), senior, and master (or mentor) categories. All new teachers must begin at the entry level. While at this level they are on probation; it is easier to decide not to renew their contracts during this period, before they achieve "tenure." Minimum and maximum numbers of years in the entry level may be specified (with dismissal possible if a teacher fails to qualify for the next level by the end of the maximum period). Teachers entering a district with teaching experience elsewhere normally must remain in the entry level category for shorter periods than brand new teachers.

*See address in appendix.

Advancement to higher levels usually may occur only after a specified number of years at the current level and is based on some combination of performance, accomplishment, years of experience, and level of educational attainment. As teachers advance to higher levels, they are given new titles (for example, "master teacher"), higher pay (for example, $1,000 to $3,000 per level), and more responsibility (for example, assisting and training other teachers).

Because master teachers have somehow demonstrated superior achievement and competence, they are usually asked to spend some of their time observing and assisting other teachers, training other teachers, leading instructional improvement efforts (such as summer curriculum development projects), or even evaluating other teachers as part of performance-based incentive systems that call for peer review. Master teachers may be released from some of their regular instructional duties to perform these special tasks. Because of concerns about taking the best teachers out of their classrooms and disrupting instructional continuity through the use of substitutes, master teachers sometimes are paid for working extra hours to carry out their additional responsibilities.

Master teachers may be the first to be considered for extended (11 or 12 month) contracts, although an extended year is often voluntary. In accepting master teacher status, individuals may become subject to involuntary reassignment to meet district needs. (For example, a master teacher may be transferred to a school having difficulty in attracting good teachers or in which experience and leadership are required.)

The Charlotte-Mecklenburg (North Carolina)* school system is developing a comprehensive career ladder plan to be implemented beginning in the 1984-85 school year. The design stresses career development and calls for a probationary period followed by three career levels. The probationary period emphasizes professional development; teachers must complete inservice requirements equivalent to a masters degree and receive satisfactory performance appraisals. Tenure is achieved after four to six years in probationary status (depending on individual performance); the school system obtained an exemption from the state tenure law (which grants tenure after three years of experience) to make this possible.

Teachers at Career Level I will receive an additional $2,000 (and $2,000 more for each satisfactory performance appraisal, with appraisals conducted every three years); they will be responsible for teaching, evaluating curriculum materials, and assisting probationary teachers. Teachers at Career Level II (which can be achieved after three years at Level I) will receive $2,000 more than Level I teachers and will teach, participate in assigned projects, and conduct research or inservice training. Teachers at Career Level III (which can be achieved after five years at Level II) will receive $2,000 more and will teach, serve as curriculum specialists, conduct inservice training, and conduct research needed by the district.

Under the current salary schedule, the most that teachers can earn is approximately $22,000; under the proposed plan teachers would be able to earn as much as $39,000. Evaluations will be frequent, but summary evaluations of career teachers (to determine eligibility for salary increments) will occur only every three to five years. Evaluations will be conducted by trained, full-time observer/evaluators.

Several states also are either implementing or considering career ladder plans. A plan proposed by the governor of Tennessee* calls for five categories of teachers. Based on projected budgets, about 25 percent of the state's teachers would be senior teachers, who would earn as much as $4,000 in additional pay annually. Another 15 percent of the teachers would be distinguished senior teachers, who would receive as much as $7,000 in additional annual pay. Each teacher who joined the program as a professional teacher would receive an additional $1,000 annual salary stipend.

Committees of trained peers would select the teachers to be placed in these special categories. Teachers would be evaluated every five years. Senior teachers and distinguished senior teachers would be expected to work longer than the 10-month academic year; they would work with student teachers and beginning teachers and would teach special classes during the summer.

Virginia* is considering a career ladder with four levels: probationary, teacher, senior teacher, and master teacher. Advancement to the senior and master levels would be attained by application, performance assessment, and selective promotion. Each level would have specific instructional expectancies and professional responsibilities. All teachers would continue to spend most of their time in the classroom. Senior teachers might have longer working days or extended contracts to carry out additional duties; master teachers would have extended contracts.

Strengths and weaknesses. Figure 5.4 lists the potential advantages and disadvantages of career ladder plans. Among the advantages, they can encourage good teachers to stay in teaching by providing advancement opportunities within the profession. Others are: They can counteract stagnation by providing new responsibilities and activities every few years; they may be structured to prevent premature achievement of plateaus; they can link merit, higher pay, and increased responsibility. They can help upgrade the school as a teaching and learning environment. Because part of the reward given to superior teachers is enhanced prestige, the monetary requirements of career ladders may be lower than those of alternative incentive plans. And they may be easier for teachers and teachers' organizations to accept than pure merit pay.

*See address in appendix.

FIGURE 5.4
Analysis of Career Ladders

Assessment Factor	Possible Advantages	Possible Disadvantages
Ability To Attract/Retain	• Opportunities to advance to higher levels within teaching may encourage superior teachers to remain and may attract strong candidates who believe that they have potential for advancement.	• Teachers who do not advance to higher levels may become discouraged. • Potential teachers may be less attracted by long-term possibilities than by short-term rewards.
Ability To Motivate	• Superior teachers should be motivated by opportunities for advancement and variation in activities.	• Workload may increase, lowering morale. • Efforts may be directed away from the classroom. • Morale may decline among teachers who do not advance.
Cost	• Initial investment is reasonable. • Additional resources reflect merit and support additional activities. • Because part of reward is prestige, monetary requirements are lessened.	• Long-term commitment is required. • If many teachers advance, if additional responsibilities are many, or if rewards are large, the system may be costly. • Available funds may be directed away from base salaries.
Potential Magnitude of Effects	• Motivation and retention may be substantially improved if fully implemented.	• If additional responsibilities are overemphasized, effects may be outside of core teaching and learning goals.
Importance of Performance Appraisal	• Structure lends itself to long-term, multi-faceted appraisal, which may have greater reliability, validity, and acceptance than annual appraisals.	• It is difficult to obtain short-term results. • Initial implementation difficulties may exist.
Degree of Required Change	• It may be one of the most effective ways of achieving the substantial changes required of fundamental improvement.	• It requires considerable organizational change.
Ease of Administration	• Add-on feature requires little fundamental change in district operations.	• Expanded support programs may require substantial administrative work in development and execution.
Likely Acceptability	• Community can see more work for more money. • Teachers may support emphasis on teacher development and longer-term performance appraisal. • Teachers may appreciate change in activities.	• Teachers and community may not support use of time and funds for nonclassroom activities. • Shorter-term results may be desired.

Career ladder arrangements pose some potential dangers, however. They may take the best teachers out of the classroom too much of the time. They may disrupt the continuity of instruction by requiring too many scheduling changes and too heavy a reliance on substitutes. In attempting to offer higher levels of responsibility and variety of activity, teachers may be asked to spend time on tasks that are less important than teaching itself. Finally, there is the danger of creating a new mid-level bureaucracy with responsibilities similar to those of existing mid-level administrators (such as supervisors and subject specialists).

Teaching as a Short-Term Career

To provide attractive opportunities for a larger number of more talented college graduates, to avoid stagnation and burnout, and to lower salary costs, school districts might consider, over the long haul, a more radical restructuring of the teaching profession. Under this approach, most new teachers would be hired to teach no longer than five years. This feature would appeal to many young people who desire to serve society but are not enthusiastic about committing themselves to a 40-year career in teaching.

Entry level salaries would be raised somewhat to make them more competitive and the option of taking cash in place of regular benefits to increase the immediate income of beginning teachers would be offered. The district would also promise to support one year of graduate work or training after five successful years of teaching to assist movement to another occupation.

Teachers who wished to remain after five years would be carefully evaluated. A small percentage of truly outstanding teachers (say 10 percent) would be offered very competitive salaries (perhaps going as high as $50,000 in today's dollars). Satisfactory teachers who wished to remain would be placed on a separate salary schedule more in line with those currently found in most school districts.

Other variations on this option are designed to encourage short-term teaching stints by older persons who have retired early from other jobs and who do not require large salaries and by persons at mid-career in local businesses and industries who wish a temporary change of pace. Special credentialing arrangements might be established for such persons.

Weaknesses. Restructuring teaching to be a short-term career faces several obstacles and drawbacks. The incentives to teach for a few years may be insufficient, and such experience may not be helpful later in obtaining other jobs. Successful implementation of this scheme may result in a shortage of expertise and continuity. A danger of a caste system also arises: the elite, the less prestigious career teachers, and the young short-term teachers. Also, persons who enter teaching for a few years may lack the commitment needed for outstanding performance.

Part-Time and Joint Appointments

Many highly qualified persons are interested in teaching at the elementary or secondary levels but not on a full-time basis. One way in which school districts can expand the pool of teaching talent available to them is to create part-time opportunities for such individuals. (This is usually easier to do at the secondary level and in certain specialized areas at the elementary level.) Persons who teach part time may do only that (for example, persons who wish to spend some or most of their time raising their own children), or they may have joint appointments with the school district and with local colleges, universities, businesses, or other organizations.

Strengths and weaknesses. Joint appointments enable two or more institutions to share the talents of individuals whose help is not needed full time. They may also provide a measure of prestige to the teachers involved.

Part-time appointments have many attractive attributes, including greater access to larger numbers of highly qualified persons as well as reduced costs. (In addition to avoiding full-time salaries, part-time employees often do not receive the full benefits package.) On the negative side, however, part-time employees often feel less loyal to an organization and may be quicker to leave. Also, it is more difficult to develop strong working relationships, shared norms, and esprit de corps among part-time staff members.

Early Retirement

Another way of providing opportunities for energetic young teachers while reducing the number of older teachers who have lost their drive is to make early retirement more attractive. This entails offering a larger percentage of salary as a retirement pension at an earlier age or providing a one-year bonus for retiring.

An early retirement plan requires careful analysis of cost. The funds saved by hiring a beginning teacher at a lower salary can be weighed against the additional retirement cost.

Enhanced Professional Responsibilities

One reason teachers' salaries are lower than those offered to others in comparable professional positions is that teachers are paid for 9 to 10 months of work annually. Thus, while teachers' rates of pay on a monthly or daily basis may be competitive, the total amount earned falls short of salaries received by persons who work 11 or 12 months of the year. For some teachers—such as mothers for whom teaching is a second income and who wish to spend school vacation times with their children—the reduction in total annual salary is acceptable in light of the other benefits to be gained from a shorter work year. However, for growing numbers of teachers and potential teachers (including, particularly, sole or primary income earners) a 9 or 10 month salary is simply too small to live on. Many of these persons are choosing other occupations or leaving teaching, even though they would like to teach.

One response to this problem is to find ways of expanding teachers' professional responsibilities so that they can be paid for more hours of work per year. This can be accomplished in several ways.

Master teachers. Selected teachers may be designated as master teachers and assigned special responsibilities beyond classroom teaching. Such responsibilities would be similar to those discussed earlier under career ladder plans.

The creation of such a cadre can be accomplished without the adoption of an extensive career ladder. Under the provisions of a comprehensive education reform bill recently passed by the California legislature,* for example, local panels of educators (the majority of which must be teachers) recommend "mentor teachers" to school boards, which make the

*See address in appendix.

selections. As many as 5 percent of each district's teachers can be selected as mentors. They will receive $4,000 in extra pay and assist other teachers to improve their skills.

Special projects. Teachers can be paid for doing projects beyond regular classroom instruction. Under such arrangements, all teachers would be eligible to submit project proposals describing objectives, intended activities, rationales, and measures to be used in evaluating results. Proposals would be reviewed by school committees, principals, and district committees in order to standardize treatment.

Monetary awards would be given for successful project completion and might vary in size according to project ambitiousness and quality of performance. Quality of past teacher performance (indicated, perhaps, by performance appraisals) might be used as one selection criterion, thereby enabling this approach to help recognize and retain superior teachers without introducing the dangers of pure merit pay.

The Round Valley School District* (in Covelo, California) has implemented a teacher incentive program that includes as one element support for teacher-initiated projects. Four of 10 possible merit points are given for projects proposed by the teachers. The scope of possible project objectives is wide; some teachers undertake efforts to improve the basic programs, while others develop new elective courses. Two and one-half points are awarded for group efforts, to encourage teachers to cooperate in the pursuit of common objectives. Under this part of the program, teachers have collaborated to produce new or improved programs in writing, health, and physical education. Merit pay awards are based on total points earned (with the final three and one-half points reflecting the principal's evaluation), and range from $140 to $2,800 annually.

Longer school day or year. Teachers can be paid for working more hours per day or more days per year to teach an extra period, advise students and provide remedial assistance, consult with parents, train other teachers, observe and assist other teachers, develop instructional materials, teach summer school, teach under a year-round school arrangement, provide supervision, assist cocurricular activities, or perform other professional tasks.

Teachers in the Weber County School District* (in Ogden, Utah) can increase their salaries in three ways. In addition to the opportunity to earn $1,300 in merit pay based on improvements in students' test scores, they can earn more for teaching an extra period each day or working an extra month. Those who opt to replace their free periods with a seventh teaching period earn an average of $5,600 more annually. (One result has been to reduce the number of teachers required and, therefore, budget requirements, while also reducing class sizes.) Teachers chosen for 11-month contracts perform curriculum development activities in the summer.

Extended-year contracts are awarded to teachers designated as "curriculum leaders" in the Upper St. Clair Township (Pennsylvania) School District.* Approximately 5 percent of this district's teachers are selected for this extra service on the basis of subject matter knowledge and ability to communicate with peers, as judged by multiple evaluators. Curriculum leaders work an additional 20 days each year, for which they are paid an additional 15 percent of their base salaries (averaging $3,500 per recipient). Curriculum leaders assume major responsibility for improving the district's instructional program in their subject areas. This leadership is exercised through curriculum evaluation and revision; efforts to stay informed of important developments in the teachers' fields; assisting principals in planning and conducting inservice activities; observing and assisting teachers who request help; and supervising summer workshops.

Strengths and weaknesses. These schemes to pay teachers more are appealing for several reasons. Some taxpayers will be more supportive if they believe that they are getting more work for their larger investment. Some of these measures can alleviate problems of burnout or stagnation by providing new types of activities for teachers. (At the same time, however, there is also the danger of intensifying burnout if the level of additional responsibility becomes too great or sustained). Finally, by using quality of performance as a criterion, some of these arrangements can reward superior performance in a less visible and controversial way than do pure merit pay schemes.

The greatest danger of expanding teachers' responsibilities to raise pay is that the added duties will be superfluous make-work and a waste of time. Some people believe that there are few important requirements beyond classroom teaching and that even the amount of training needed is limited.

Nonmonetary Recognition

Motivation and recognition for superior effort and performance need not involve large amounts of money, structural changes, or additional responsibilities. Many school districts have long used awards and other low-cost forms of recognition to motivate effort and improvement, to reward outstanding performance and accomplishments, and to increase the likelihood that the best teachers will remain in teaching. Items in this category can include Teacher of the Year awards, PTA-sponsored dinners to express appreciation for teachers, articles about teachers' special accomplishments, televised presentations, and

*See address in appendix

even larger awards for major contributions to the state-of-the-art in teaching.

Awards are usually most effective when they are not too few or too many and when used in combination with other types of incentives. If incentives are limited to just a few small awards a year, teachers may come to view them cynically as token replacements for more expensive alternatives. On the other hand, if too many awards are given out, they may lose their prestige and power.

Improved Working Conditions

The conditions in which teachers work support or detract from the teaching-learning process. Facets of teachers' working conditions that may be improved are almost unlimited; their selection depends on local circumstances, needs, and resources.

In some districts, for example, the physical and social condition of the schools may be so poor that steps to provide a safe, orderly environment must precede anything else. In such districts, the first order of business will be to improve school buildings, strengthen discipline of chronically disorderly students, establish acceptable class sizes and teaching loads, and provide decent textbooks, instructional materials, and equipment.

Other districts will have satisfied these baseline conditions and will be ready to take steps to make teaching a more professional, satisfying, exciting line of work. Such steps can include involving teachers in planning and decision making, increasing collegiality among teachers, providing more opportunities for discourse on professional matters, and giving teachers more autonomy and perhaps some discretionary funds.

Examples of possible improvements in working conditions capable of helping attract, motivate, and retain teachers include:

- Providing alternative arrangements for chronic discipline problems
- Establishing a more supportive school climate
- Increasing teachers' involvement in planning and decision making
- Reducing interruptions of classroom time by announcements, special pull-out programs, and co-curricular activities
- Hiring administrative aides (in addition to or instead of instructional aides) to handle routine administrative matters, thereby maximizing the time teachers and principals can devote to instructional matters
- Focusing more financial and other resources on support for classroom teaching
- Reducing the curriculum fragmentation and crowding that results from continuously adding new topics without dropping others
- Improving the balance in class sizes and teaching loads across schools, grade levels, and classrooms
- Providing discretionary funds to schools, departments, and/or teachers for supplies, materials, and other instructional expenditures
- Providing offices or improved work areas for teachers to use during planning and other noninstructional time
- Enhancing school building comfort and appearance.

Strengths and weaknesses. There are several good reasons for improving working conditions as a form of incentive. As discussed in the preceding chapter, research indicates that intrinsic factors can be highly influential in promoting teacher job satisfaction (given an adequate base salary). Teachers often cite a desire to serve and to work with others as primary reasons for entering the profession. Many of them enter the profession expecting modest salaries and, therefore, consider working conditions more important than money.

Of all the incentives discussed in this handbook, improvements in working conditions are the least threatening to teachers and the most acceptable to teachers' organizations (other than across-the-board salary increases). Finally, school districts with reputations for treating their teachers well tend to have more success in attracting and retaining good people.

The dangers of focusing on improvements in working conditions are that they will be used as an inexpensive substitute for (rather than supplement to) adequate base salaries; that they will not be considered in tandem with other needed incentives; and that only the lowest-cost options will be used on a token basis, thereby fostering cynicism among teachers.

Summary Analysis

School districts can choose from a wide variety of alternative incentives to improve their abilities to attract and retain good teachers, motivate teachers, and accomplish other community goals. The options vary considerably in their character, scope, magnitude, cost, purpose, and potential effectiveness. While the strengths and weaknesses of incentives will vary according to school districts' circumstances and how the incentives are structured to particular cases, some summary observations can be made.

Figure 5.5 rates all of the incentives described on the eight factors used to analyze the alternatives throughout this chapter. For each dimension, the Figure indicates whether each incentive has a relative advantage (+) over other incentives, a relative disadvantage (−), or whether the degree of advantage or disadvantage depends on the characteristics of specific plans and on local circumstances (+/−).

Significant differences among the plans are worth highlighting. Bonus plans, for example, provide for monetary rewards each year, rewards which may be given for flexible and specific purposes without a mul-

FIGURE 5.5

Strengths and Weaknesses of Alternative Incentives

Type of Incentive	Ability To Attract/Retain	Ability To Motivate	Cost	Potential Magnitude of Effects	Importance of Performance Appraisal	Degree of Required Change	Ease of Administration	Likely Acceptability
Compensation Plans								
• Performance-Based Salary Increase	+	+	−	+	−	+/−	−	+/−
• Bonuses	+	+	+/−	+	+/−	+	−	+/−
• Market-Sensitive Salaries	+/−	+/−	−	+	+	+	+	+/−
• Salary Differentiation Based on Job Factors	+/−	+/−	+/−	−	−	−	+	−
• Loan Forgiveness and Scholarships	+	+	−	+	+	+	+	+/−
• Grants, Sabbaticals, Training	+	+	−	+	+	+	+/−	+/−
• Modifications in Base Salaries and Benefits	+	−	−	−	+	+	+	+/−
Career Options								
• Career Ladders	+	+	−	+	−	−	−	+/−
• Short, Entry-Level Career	+	+	+	+	−	−	−	+/−
• Part-Time and Joint Appointments	+	+	+	−	+	+	−	+
• Early Retirement	+	+	−	+	+	+	+	+/−
Enhanced Professional Responsibilities								
• Master Teacher Assignments	+	+	+/−	+/−	−	−	−	+/−
• Teacher Projects	+	+	−	+/−	+	+	−	+
• Longer Day or Year	+	+	−	+	+	−	−	+/−
Nonmonetary Recognition	+	+	+	−	+	+	+	+
Improved Working Conditions	+	+	+/−	+/−	+	+/−	+	+

+ = Advantage
− = Disadvantage
+/− = Can be advantage or disadvantage, depending on local circumstances and characteristics of specific plans.

ti-year commitment of salary or retirement benefits. Thus, a bonus plan is particularly useful in attracting specific kinds of new teachers to a district. For those currently in the district, there will be both positive and negative incentives in the rewards given each year, with some resulting morale problems. Performance-based salary plans will have similar advantages and disadvantages.

Career ladder and master teacher plans involve longer-term choices and add the recognition of a new title and position to the monetary reward. Consequently, they may provide a more powerful incentive, but one that will focus on teachers already in the district and less directly on attracting new teachers since the monetary reward would be deferred.

Many of the plans are costly. The specific monetary reward for an individual should probably be 2 to 5 percent of annual salary, if not higher. The overall cost to the district will vary depending on both the individual reward and the number of individuals receiving a reward. A critical factor in any incentive plan is the percentage of those eligible who receive a reward. For bonus plans, total cost may be kept low by limiting the subgroup eligible to receive a reward. For career ladder plans, the subgroup can be limited by the number of years an individual teacher must be in the district before becoming eligible. Performance-based pay plans, however, would consider all teachers eligible; thus, the total cost would depend on the size of individual rewards and the percentage of teachers receiving rewards.

The plans vary also in their use of performance appraisal. Career ladder plans generally include a screening process that is multi-year, multi-faceted, and distinct from the annual performance appraisal process. There is some opportunity with the longer term screening to involve teachers in the process. Bonus for performance and performance-based sal-

ary plans generally require annual appraisal with the associated teacher apprehension about the fairness and objectivity of the process.

Figure 5.6 summarizes the likely levels of resource requirements for the various incentives. The two major types of resources that may be required by incentive plans are funds and staff time. The range of resource requirements is broad across incentive categories. Improvements in working conditions will require low or medium levels of financial support (enhanced administrative support of teachers may cost nothing, but school building improvements are likely to cost more) and relatively small amounts of staff time (compared to that required by other incentives). Performance-based salary increases will require medium to high amounts of additional funds (depending on the number and size of salary increases) and will require large amounts of staff time for performance appraisal and administration.

FIGURE 5.6
Likely Relative Levels of Resource Requirements

Type of Incentive	Required Funds	Required Staff Time
Compensation Plans		
• Performance-Based Salary Increases	Med/High	High
• Bonuses	Med/High	High
• Market-Sensitive Salaries	Med/High	High
• Salary Differentiation Based on Job Factors	Med	High
• Loan Forgiveness and Scholarships	Med	Med
• Grants, Sabbaticals, Training	Med	Med
• Modifications in Base Salaries and Benefits	High	Low
Career Options		
• Career Ladders	High	High
• Short-Term Career	Low	High
• Part-Time and Joint Appointments	Low/Med	Med/High
• Early Retirement	High	Med
Enhanced Professional Responsibilities		
• Master Teacher Assignments	Med/High	High
• Teacher Projects	Med/High	High
• Longer Day or Year	Med/High	High
Nonmonetary Recognition	Low	Low
Improved Working Conditions	Low/Med	Low

6
CHAPTER

Performance Appraisal: Opportunity and Obstacle

Any school district interested in developing better incentives for teaching must consider the issue of teacher evaluation. Today's most widely advocated incentive arrangements—including merit pay, career ladders, and others—require some form of evaluation. Teacher evaluation is vital to the selective introduction of incentives and to making quality judgments about teachers. Sound teacher evaluation also can contribute directly to the quality of teacher work life.

Educators also face rising public demands that additional funds be linked to some form of quality control. School systems, the public believes, should recognize outstanding teachers and improve or dismiss incompetent ones.

Benefits of Teacher Evaluation

Successful teacher evaluation can yield several benefits:

- **Improved administrator-teacher communication.** Evaluation provides occasions for teachers and administrators to discuss professional matters, set goals, convey expectations, and develop better understandings of each others' job demands. Some research indicates that infrequent evaluations and observations, rather than frequent negative evaluations, are responsible for teacher dissatisfaction with the process. For all its risks, evaluation is a means of expressing interest in teachers' work, and of reducing the isolation and uncertainty which many teachers feel.
- **Improved consensus on instructional and school goals.** Research on effective schools stresses strong principal leadership, consensus on school goals, and an atmosphere favoring high expectations for student achievement. Evaluation is one means of achieving these conditions.
- **Enhanced mastery and confidence among teachers.** Sensitive evaluation, coupled with useful assistance, can improve teacher competence, morale, and professionalism. A chief aim of evaluation is to improve individual teacher performance. This involves not only improving skills but building confidence and morale.
- **A firmer basis for personnel actions.** A strong evaluation system yields greater control of decisions on tenure, remediation, dismissal, lay-offs, and promotions.
- **Increased public confidence in schools.** Strong teacher evaluation can enhance a district's or school's reputation for high standards. Evaluation signals a commitment to excellence in teaching.
- **Better district-teacher union relations.** Successful teacher evaluation both relies on and contributes to cooperation between management and labor. Because evaluation can produce acrimony, conflict, and time-consuming legal maneuvering, sound evaluation requires cooperation in designing and carrying out fair but consequential procedures.

Purposes of Teacher Evaluation

Teacher evaluation serves to improve teaching and to inform a range of personnel or job status decisions. Here lies the biggest difficulty. The nature and requirements of the one are so different from the other that to accomplish both seems an act of magic. Evaluation for improvement joins close observation in a particular teacher's classroom with help to that teacher. This interchange requires trust and openness. Procedures must be flexible, with judgments adapted to particular cases.

Evaluation for accountability, on the other hand, occurs in a legal context stressing fair and uniform procedures, with a standard set of criteria applied impartially to all teachers. The first may be informal, private, and flexible. The second is formal, public, and standardized.

Most experts agree that no single set of procedures, measuring instruments, or roles can accomplish all of this. But a district can address both purposes through separate processes, or choose to emphasize one purpose. Strains, though, are likely. Teachers marked as deficient need help, but the supervisors who could provide it are also those assigned to evaluate such teachers. They may have difficulty developing the rapport necessary for the assistance role.

Two truisms capture the central perplexity in evaluating teaching. One is that decades of painstak-

ing research have not uncovered any simple indicators of teacher effectiveness. Furthermore, teachers pursue many objectives at once, some of which are ambiguous (such as character development) or open-ended (such as learning how to learn). Teachers vary both in what they seek and in how they go about it.

Research and common sense provide some guidance on simple skills, but excellence in teaching depends on individual style and the grace of personality. Most of us, though, have known teachers who were clearly good or clearly bad, and the public suspects that school administrators know what they have in their schools. The appraisal of teaching, then, rests squarely within this paradox.

Assessment Processes

Teacher assessment involves three closely related processes, each of which poses some difficult choices.

Specifying what is desired or expected in teaching. This first step has two parts: job analysis (which yields a list of tasks) and the setting of criteria or standards for task performance. The starting point may be a detailed set of task categories, required competencies, goals and objectives, or even particular behaviors. Criteria provide rules or guidelines for what constitutes acceptable and, beyond that, outstanding performance.

Most experts urge that job specification and criteria setting be done precisely, in detail, and with reference to publicly observable events and behavior in order to convey expectations clearly to workers. This advice is certainly appropriate (and legally essential) for such purposes as tenure and dismissal decisions. Not all the tasks or aims of teaching can be so specified, however, nor will all teachers pursue the same outcomes. Consequently, this first step requires judgment so that what can be exactly identified will not obscure attention to what cannot.

Collecting evidence on these specifications. A basic choice here involves whether performance or outcomes are sampled. There are strong arguments for both, but one distinction rests on the complexity of problems addressed. Certain aspects of teaching, such as simple classroom management under normal conditions, may involve well-known routines with a high probability of success. In other respects, however, teachers face great complexity in their work and must "play the hand they are dealt" (that is, work with whatever group of students they are assigned). Some mix of evidence on both performance and outcomes appears necessary.

Making judgments and reaching decisions. The final step in the process requires weighing the evidence to reach a judgment or decision. This process, too, involves varying degrees of formality, depending on the purposes. In the context of teacher improvement, judgments may take place entirely in the minds of supervisors or peers who are observing what is going on in a classroom. For job status purposes, both the evidence and the rules for its interpretation may be spelled out in advance—for example, a low inference rating scale featuring scorable behaviors and a criterion level for adequacy.

Alternatively, the formality may reside in the process for merging subjective impressions and achieving consensus on a judgment. For example, multiple raters using high inference measures can compare judgments and submit them to a higher authority for decision. This procedure helps offset the problems of rater bias and the lack of reliability and validity plaguing global ratings.*

Assessment Focuses

One observer of teaching (Medley, 1982) has suggested four categories for the analysis of teaching:

Teacher competency refers to any single knowledge, skill, or professional value position, which is relevant to successful teaching practice. Competencies refer to specific things that teachers know, do, or believe, but not to the effects of these attributes on others.

Teacher competence refers to the repertoire of competencies a teacher possesses. Overall competence is a matter of the degree to which a teacher has mastered a set of individual competencies, some of which are more critical than others.

Teacher performance refers to what a teacher does on the job rather than to what he or she can do. Teacher performance is specific to the job situation; it depends on the competence of the teacher, the context in which the teacher works, and the teacher's ability to apply his or her competencies at any time.

Teacher effectiveness refers to the effect that a teacher's performance has on pupils. Teacher effectiveness depends not only on competence and performance but also on the response pupils make. Just as competence cannot always predict performance, teacher performance does not automatically lead to intended outcomes.

The focus of teacher performance appraisal depends on both evaluation purposes and on conceptions of teaching embedded in management philosophy, but such appraisals almost always concentrate on performance and effectiveness (and rarely on competency and competence).

*Measuring instruments of all sorts involve several technical properties which define their accuracy. Two terms are widely used in describing various measures. Reliability refers to consistency across evaluators or observations. Validity refers to whether an instrument accurately and completely measures what it is intended to measure. With teacher evaluation, the issue is whether items on a rating scale add up to "effective teaching" or to "competence."

A district with a centrally mandated basic skills curriculum complete with skill sequences and criterion-referenced tests may wish to focus on teacher effectiveness. In making decisions about tenure, districts might place some emphasis on effectiveness but concentrate primarily on performance as an indication of minimum competence. Such evaluation might focus on classroom management, efficient time use, lesson and unit planning, use of praise, questioning techniques, and other aspects of performance for which conceptions of good practice exist.

There may be no performance evidence for the responsibilities a teacher being promoted to master teacher might assume, such as supervising beginners or conducting workshops. Certainly, evidence of success in teaching would be necessary, but the ability to undertake new tasks would be at stake; and a good classroom teacher might not make a good master teacher. An expert panel which would review a range of evidence and interview candidates might be a useful approach in this situation.

No single approach to assessment will serve all the purposes and uses for information on teachers and teaching. Two guidelines, though, seem sensible. First, a district should use as many resources and types of *relevant* information as possible, subject to what it can afford, the required degree of precision and accuracy, and limitations on access to confidential information. Second, procedures should be tailored to particular purposes and circumstances.

Sources of Evidence

The second and third steps—gathering evidence and making judgments—involve choices from a large menu of techniques. Here are the major options.

Teacher interviews. Most school districts use interviews to select new teachers and to convey evaluations to employed teachers. Interviews serve both to secure teacher agreement and understanding and to relay results to teachers. Teacher interviews have other uses, too, including goal setting, trouble shooting, recognizing superior teaching, exploring needed assistance, supplying constructive criticism, and selecting master teachers (a use that is likely to expand with the increasing popularity of master teacher plans). Interviews might be open-ended, employing problem-solving simulations. To avoid bias, several interviewers can pool their reactions to each candidate.

The most common teacher complaints are that evaluation occurs too infrequently, that criteria for evaluation are often vague or unstated, and that principals can be quite biased in their perceptions and appraisals. Skillful interviewing helps meet these objections, because principals can communicate their expectations, discuss with teachers the events observed, and explore any differences of opinion or perception.

Teacher interviews are perhaps the most widely used and least controversial aspect of teacher evaluation. Yet they have dangers which must be carefully avoided: research indicates that interviews tend to be unreliable, biased, unstructured, and conducted by persons who are inadequately trained.

Classroom observation. This is the most widely used form of evaluation. The emphasis, of course, is on teacher performance in the classroom. Observation techniques vary significantly in structure and methodology, involving choices of who should observe, for how long and how often, using what sorts of instruments. A large body of technical literature has grown up on this subject and several carefully tested compendia of observation instruments exist. (See, for example, Simon and Boyer, 1967; Stallings, 1977; Kowalski, 1978; Borich and Madden, 1977.)

Observation is clearly the best means for assessing teacher performance, providing "a view of the climate, rapport, interaction, and functioning of the classroom available from no other source" (Evertson and Holley, 1981), but it also has shortcomings. In many districts, each teacher receives one or two annual 10 to 50-minute observations (if any) by a single administrator. The rating form contains a set of global categories such as "skill in questioning techniques," "efficient classroom routine," "personal appearance," or "appropriate interaction with pupils."

The evaluator rates the teacher on each global characteristic using a scale having such items as "outstanding," "satisfactory," "unsatisfactory," or "needs work." The harried school administrator who typically has had no training in use of the instrument sandwiches these fleeting observations into a busy day filled with crises and multiple routine demands.

Problems with this sort of observation are evident. The performance sampled is too meager, with no guarantees that classroom events are at all typical. The observer's presence is likely to alter behavior of students and teachers alike. The observer may be biased, with ratings suffering the "halo effect" (the evaluator's overall impression determines ratings on particular items). The instrument itself usually lacks validity, supervisors typically disagree in their ratings of the same teacher, and teacher behavior may vary from class to class.

Despite these drawbacks, observation is the mainstay of teacher evaluation, and so is worth doing as well as possible. First, although it is much easier to construct a global rating scale than to develop a true measurement instrument with a scoring key, this simplicity is achieved at the expense of the information gathered. For certain uses, districts should employ carefully developed low-inference observation instruments whose items define specific behaviors. Likewise, criteria and standards for interpretation and decision making should be incorporated in a scoring key. Results can be hand-tabulated or scored by machine.

A second necessary requirement is careful training of raters to ensure reliability across individuals, classrooms, and time samples. Raters must have practice and receive feedback in order to use observation instruments appropriately. Such training should take place regularly so that rating skills remain sharp. Third, such observations should be frequent enough to provide a solid sample of classroom behavior. This probably means a minimum of three times per year, but more if possible.

This advice may appear to be quite unrealistic. Where will busy administrators find time to construct or select complex observation instruments, receive training in their use, then triple or quadruple the time they spend in teachers' classrooms?

Districts do have other options. One involves the use of master teachers to create a cadre of expert evaluators. (Lest personal friendships intrude, such teachers might best observe in schools other than their own, and perhaps even in other districts, given consortium arrangements.) A second recourse is to concentrate high quality observation each year on a subset of teachers. All teachers might routinely rotate through a system of intensive observation every three years or so, but nontenured teachers and those identified as deficient would automatically be included. Such schemes raise other problems, but the principle behind such approaches is worth considering: Better to conduct evaluation well where it is most needed than spread it thin, making it meaningless for all involved.

A second approach to observation might rely on multiple raters for each teacher rather than on a highly structured instrument. This procedure defends against the bias of a single observer and forces raters to justify their observations and judgments in the effort to reach consensus. The danger here is that observers will merely pool their errors, and so make invalid judgments. For improvement-oriented purposes, however, multiple observers might be especially valuable in generating a broader range of insights for the observed teacher's consideration.

Different procedures serve different purposes. The intense commitment of resources required by structured observation may be cost-effective for such personnel decisions as tenure and dismissal. Structured observation is also best suited to generic teaching skills required equally by the physics teacher and the English teacher. Structured observation meets legal requirements because the evidence is public, impartial, and standardized. Excellent teaching, though, is not standardized, and this method fails to get at what distinguishes outstanding teachers and what is unique to particular grade levels, subjects, and student populations. It is possible to develop multiple instruments geared to different requirements (as well as to excellence in teaching generally), but the cost of doing so is high. Districts might well invest in developing better observation systems, but not as the sole means for evaluation.

Student achievement. Student achievement provides the most direct evidence of teaching effectiveness as well as the evidence most prone to misinterpretation. The ultimate test of a teacher is the student learning produced. Research has shown that other evidence of teacher effectiveness, such as in-class behavior, is a poor proxy for student learning. Furthermore, teachers require accurate information about what their students are learning in order to improve their instruction. For both summative and formative purposes, then, there is a strong case for using student outcomes.

The chief problem with achievement tests is that so many factors outside the teacher's control affect the results. These include student characteristics such as intelligence, amount of prior knowledge, home background, the classroom environment, the student peer group, and the test itself, which may not match the teacher's curriculum. Research has also shown that achievement test data are not stable over time. Moreover, if districts make personnel decisions on the basis of achievement tests, teachers may teach just to those tests, omitting other important objectives for students.

For formative purposes, however, achievement tests of various sorts are indispensable. Teacher-made tests and assignments, and norm and criterion-referenced tests can provide useful feedback to a teacher. In general, such uses are routine and noncontroversial, but many teachers are not adept at constructing and interpreting tests for purposes of diagnosing students. This, then, is a professional responsibility which most teachers must learn to meet.

Student ratings. Despite their current limited use, one evaluation expert flatly asserts that "the student questionnaire should be a key component in the evaluation process from about grade six" (Scriven, 1981). Student ratings are in fact another form of classroom observation, but from an insider's perspective. Carefully constructed questionnaires are highly reliable. Ratings supply crucial information on student satisfaction and attitudes toward the course, on the teacher's professional obligations (such as match of course content with course tests, or extent to which grades are explicitly justified), and on specific course components such as texts, tests and quizzes, homework assignments, grading policy, and class activities.

Constructing an open-ended questionnaire for a particular course is relatively easy and may yield some useful information for that teacher, but such a form typically possesses little or no technical quality. Such informal surveys are adequate only for purposes of improvement.

Use of student ratings for personnel decisions involves establishing norms for judgment and comparing teachers on similar items. This requires a questionnaire developed by experts and administered and scored under precisely controlled conditions to avoid

problems with teacher prompting, low response rate, student bias, and confidentiality.

Student ratings may be a useful and little explored source of evidence for use in tenure decisions, but the costs of instrument development, administration, and scoring are a consideration.

Work samples. Teachers produce a variety of products which evaluators may examine and judge. The materials of instruction objectively represent what the teacher is attempting, and discussion of work samples can be practical, concrete, and specific to individual teachers.

Work samples also provide excellent evidence of teacher professional development. Districts which hold a professional concept of teaching may rely on teacher initiative for growth and improvement, but can monitor this process through use of a professional development dossier. Such a file might include a rationale for each course's or year's methods and coverage; evidence about professional development activity such as readings, courses, workshops, and consultation; a description of teacher innovations and experiments; and a list of courses taught, enrollments, grades, extracurricular duties, committee assignments, and other formal service.

Dossiers also may be quite valuable in conjunction with career ladders for teachers. Promotion to higher rank on a career ladder might rest in part on evidence of professional development which a district could specify in a set of concrete expectations. A teacher's cumulative file would constitute such evidence.

Other measures. Some locales now employ teacher tests for tenure and recertification decisions. The assumption here is that teachers must possess certain general and professional knowledge, and the tests screen out those who do not. Periodic testing ensures that teachers stay reasonably current. Some tests cover only general matters such as mathematics and reading comprehension. Others, such as the National Teacher Examination, attempt to tap professional knowledge. Such tests may be useful for continuing employment decisions, but they do not predict teacher competence or performance.

Districts may wish to supplement measures of teacher performance or effectiveness with assessment of their noninstructional duties. Teaching responsibilities in many schools extend beyond direct contact with students. Although such tasks are not as important as good teaching, they seem to discriminate among teachers and so may be useful for certain job status decisions, including tenure and promotion on a career ladder.

Planning and Implementing Teacher Evaluation

The technical matters of providing accurate job descriptions, setting clear expectations for teacher performance, and collecting valid, reliable, and legally defensible evidence are very important. But the success of a teacher evaluation system ultimately rests on how it is planned and implemented. "Success" in this sense means that teachers and administrators alike perceive evaluation as helpful, fair, and worth their time and effort. A recent study of exemplary teacher evaluation practices (Wise et al., 1983) identified a number of factors which contribute to such success.

Top-level leadership. As with all aspects of incentive programs, the superintendent, the school board, and staff and line administrators must convey a commitment to high quality and result-oriented evaluation. This is done through the allocation of funds and staff time to evaluation tasks, as well as through daily discussions with staff members in meetings and in written statements.

Management-teacher collaboration. For several reasons, the thorough involvement of teachers in planning and carrying out evaluation is a necessity. First, evaluation is subject to bargaining in many districts. Second, if districts seek to involve teachers in new roles as peer evaluators, master teachers, or review panel members, they need their full cooperation. Third, if teachers have ample opportunity to shape evaluation procedures, they are more likely to perceive them as fair and legitimate. Finally, if evaluation is to genuinely improve teaching, teachers will willingly participate; pro forma compliance is not enough. Likewise, because evaluation is a primary responsibility of school administrators, they too must contribute to the design and refinement of procedures.

Compatibility with other aspects of teacher management. Teacher evaluation is more likely to succeed "if it is compatible with a school district's educational goals, management style, conception of teaching work, and dominant community values"—that is, the district's organizational culture (Wise et al., 1983). Districts commonly adopt innovations touted in other locales, then discover "it doesn't work here." Such "imports" fail because they do not fit well with current operating procedures and assumptions.

So too with evaluation systems. For example, a district with traditions of school-building autonomy and teacher initiative in professional growth should not use standardized prescriptive instruments for evaluation. Conversely, a strongly centralized district which stresses a uniform curriculum with a careful sequence of criterion-referenced tests should avoid evaluation agreements with individual teachers which encourage multiple, diverse definitions of success.

Rather than adopting the latest "system," districts should examine their own traditions, preferences, and operating styles, then design a compatible set of procedures consistent with generic requirements for valid evaluation.

Training of evaluators. This is a most crucial, practical feature of an effective evaluation system. Regular professional training in evaluation purposes and procedures underscores the importance of evaluation, communicates district priorities on school goals and teaching competence, builds confidence in the conduct of evaluation among administrators and teachers alike, promotes a higher standard and greater uniformity of evaluation across schools, and ensures more valid and reliable results. In districts where evaluation and supervision are linked the training should include both functions.

In districts using highly structured instruments that require precise administration, evaluators must be fully aware of proper techniques for data collection, scoring, and communication to teachers. In districts which rely on more open-ended assessments, the best way to achieve reliability, comparability across evaluators, and freedom from bias is training in which evaluators compare judgments and standards, discuss problems, and seek out sources of error.

Oversight of evaluation. The evaluators' performance also must be judged. This feature of an evaluation system is critical first "to avoid the entirely justifiable resistance of the 'serfs' to being evaluated by those in the castle, who are above such things themselves" (Scriven, 1981). Second, this process underscores leadership commitment to evaluation. If the superintendent or another significant central office administrator regularly examines the work of principals and other evaluators, a priority is established, particularly if rewards and sanctions are attached to such scrutiny. Finally, administrative oversight, along with training, serves as a quality control mechanism.

An evaluation appeals and review process. Evaluation ultimately relies on human judgment. Despite efforts to make evaluation sound, errors in judgment will occur. For dismissal decisions, due process guarantees in the law provide protection to teachers. But districts seeking to use evaluation for a wider range of personnel decisions (including layoffs, pay increases, and promotions) should establish their own appeal and review procedures.

A district board made up of administrators and teachers serves several purposes. One is to hear appeals on specific cases, in which evaluators defend in writing or in person their assessments. Such a board would also periodically review evaluation procedures and recommend modifications.

Selecting and Emphasizing Purposes

We have already stressed that evaluation should reflect other aspects of teacher management and community values. Two other factors are also relevant: the current and projected composition of the teacher work force in a particular district and perceptions of quality in the teaching force.

For example, a district with a teaching force of tenured veterans at the top of the pay scale that expects few new hires during the next 5 to 10 years will be concerned with incentives to motivate teachers, with the problems of incompetence and low morale, and with encouraging continued professional development. Evaluation might focus less on generic minimum competencies which veterans are presumed to have mastered, and more on advanced skills particular to grade levels, subject matter, and student populations.

On the other hand, a district with rising student enrollment that expects to hire a number of new teachers in the next decade might emphasize the induction of new teachers and evaluation for tenure. Instruments might be aimed at measuring minimum skills.

A district with a highly competent teaching staff might develop a teacher-initiated process for professional improvement with incentives for excellence. Another district with a teaching staff of varying quality might tailor evaluation resources and incentives to deal with each group. For example, a master teacher program might serve to reward excellent teachers who could work on improvement-related activities with their colleagues. Simultaneously, evaluation by administrators might focus on weeding out incompetent teachers. A third district, whose teaching force contains a substantial number of below average teachers might have to concentrate initially on improvement of basic teaching skills.

Thus, evaluation should be flexible and responsive to particular problems and needs. For most job status decisions, however, evaluation must be standardized. This requirement will limit the amount of tailoring possible to particular schools, grade levels, or categories of teachers. Further, evaluation procedures take time to design and communicate. Districts cannot change them every few years without creating confusion and uncertainty. Consequently, districts must balance the need for flexibility with the need for stability and uniform practice.

Selecting Evaluators

Who should evaluate? Most districts rely mainly on principals and assistant principals, and secondarily on central office administrators who possess some subject matter or grade level expertise. Administrators consider evaluation their responsibility but also feel overburdened and underqualified to do the job well.

Three problems typically crop up. First, principals have too little time and too many teachers. If the requirement is to evaluate all teachers annually, pro forma compliance is likely and the time-consuming burden of dismissing a teacher will be avoided. Second, principals complain of role conflict: They cannot evaluate teachers for improvement and for retention. Third, most principals do not possess the expertise to

evaluate all aspects of teaching in all subject areas. Principals clearly must be involved in evaluation, but they cannot do the job alone.

Peer evaluation is one option. Teachers possess the expertise to assess teaching in particular subjects, at particular grade levels, and for particular student populations. Involving teachers in evaluation of their peers encourages professionalism, provides greater variety to teaching work, reduces the isolation teachers feel in their classrooms, and supports the exchange of knowledge. Peer evaluation is most appropriate for the purposes of teacher improvement, but most teachers recoil from judging their colleagues for job status purposes.

Despite the many good reasons for peer evaluation, most schools have had little experience with it and a set of powerful norms exist that favor privacy, individuality, and autonomy in teaching. However, while peer evaluation may encounter resistance by teachers and may entail some logistical difficulties, its potential advantages are worth pursuing.

A final option is self-evaluation. Teachers can be encouraged to evaluate their own work, with administrators monitoring the process. Teachers can use any of the data gathering techniques to assess their own work and can make plans for self-appraisal to which administrators may hold them accountable. This option is suitable only for purposes of improvement, but can significantly reduce the evaluation burden on principals while encouraging professionalism among teachers.

Conclusion

Evaluation is both a necessary component of incentive arrangements and a means for improving teacher working conditions. Sound evaluation can improve teachers' sense of mastery and provide direction for improvements which make their work more satisfying. Despite the difficulties of evaluation, administrators should not overlook its potential for improving the rewards of teaching.

7
CHAPTER

Developing a District Teacher Incentive Plan

The six major tasks, and specific steps within each task, that are involved in developing a teacher incentive plan are:

Establish a Planning Process
- Provide leadership
- Plan participative development and review
- Develop decision-making process.

Determine Objectives and Criteria
- Assess current situation
- Determine criteria.

Develop a Plan
- Select prototypes
- Develop and refine features
- Assess obstacles to implementation
- Reassess earlier decisions (feedback loop).

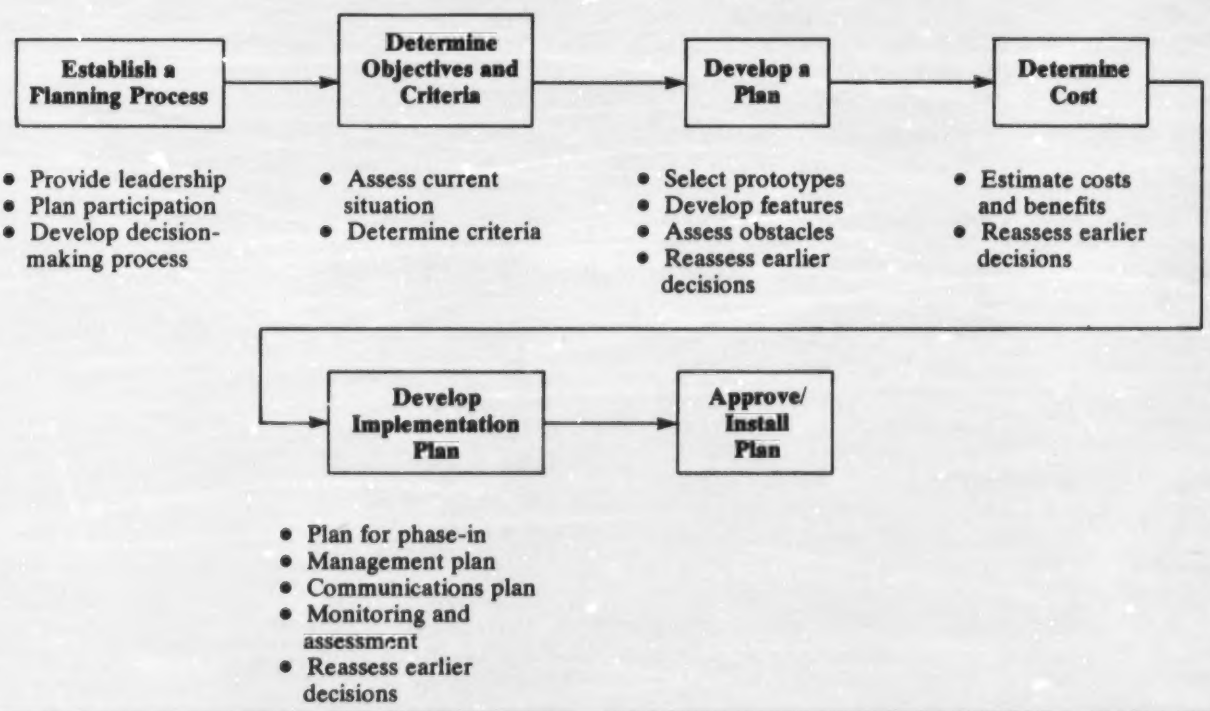
Determine Cost
- Estimate costs and benefits
- Reassess earlier decisions (feedback loop).

Develop an Implementation Plan
- Plan for phase-in
- Develop management plan
- Determine communication plan
- Establish monitoring and assessment procedures
- Reassess earlier decisions (feedback loop).

Approve and Install Plan
- Periodically evaluate plan.

Figure 7.1 shows the relationships among these tasks and steps, and indicates feedback loops needed to reassess decisions in earlier tasks on the basis of new information.

FIGURE 7.1
A Planning Process



Establish a Planning Process

Planning should proceed according to a logical sequence of tasks and steps. In preparing for a district planning effort, three preconditions should be met to ensure planning success:

- **Strong leadership.** Experience has clearly and consistently demonstrated the importance of strong leadership in undertaking any fundamental change in a school district. Top-level management (including the school board and superintendent) must demonstrate from the beginning that it considers the effort important and that it intends to invest the time and resources required to make it work.
- **Representative participation.** Teachers, administrators, school board members, and community members should all be represented in the planning process. The level and type of involvement will vary by district and will be conditioned by the history of such participation.
- **A clear decision-making process.** Those investing time in planning need the assurance and discipline of a specific process and schedule for school board review, modification, and approval.

Next, it is essential that the district be clear about its objectives for a teacher incentive program. What are the needs and purposes, what are the priorities, and will these needs be met through some sort of incentive program?

Third, if an incentive program is warranted, the district should examine the various types of incentives, focus on those that seem most suitable, study existing programs in other school districts or organizations, make needed adaptations in the most relevant existing models, or, if none of the existing programs are satisfactory, design a new approach. Once a particular program has been identified, possible obstacles to successful installation of the plan should be analyzed.

Fourth, with a blueprint in hand, resource requirements (primarily funds and staff time) should be estimated and compared with those that are available. If the initial conception turns out to be too ambitious, revisions should be made. If absolute requirements still exceed available resources, priorities should be reexamined to see whether funds can be reallocated, and additional resources of revenue should be investigated.

Fifth, with a clear idea of what the district wants to accomplish, a realistic program, and an understanding of how to overcome likely obstacles, the district should develop an implementation plan which optimizes the chances that the incentive program will work. This plan should include a schedule of review points and activities, criteria for judging the program's effectiveness, and evaluation instruments. Then, at appropriate points (at least once a year), the program should be reassessed, and needed improvements should be made on the basis of experience.

Determine Objectives and Criteria

In the current excitement about merit pay and career ladders, some districts have moved quickly to establish incentive programs and have met strong resistance. It is important that districts first give sufficient thought to the objectives to be met by an incentive plan, the local district characteristics that may influence the value of the plan, and whether district needs are addressed by the proposed reforms. The framework for assessing district needs as they relate to teacher incentives include three steps:

Identify Problems

Four major problem areas may be related to teacher incentives:

- The district is not attracting the type and quality of teachers it believes appropriate.
- Too many good teachers are leaving the district.
- The current teacher work force is not sufficiently competent.
- The current teacher work force is insufficiently motivated, dedicated, and enthusiastic.

Various types of data may assist in determining the nature and extent of these problems in specific school districts. These include:

- Community expectations and perceptions of the teacher quality desired and present in the district, and of problems in the areas cited; the community's willingness to provide resources for improvement
- Teacher and administrator perceptions of problems
- Characteristics of the teacher work force—age, longevity, subject specialty, qualifications, salary
- The supply of qualified applicants and newly hired teachers by subject and level in relation to current and future needs
- The characteristics of teachers leaving the district.

Determine Problems in District Operations

The basic problems, if they exist, will be controlled by operational issues, which should be investigated as a second step. These include:

- **Salary and benefits.** Are the level and structure of the salary and benefits program attractive?
- **Performance recognition.** Is good teaching performance appropriately recognized in monetary and other ways?
- **Performance appraisal.** Is the system of performance appraisal thorough and fair, leading to improvement in teaching and identification of those who are less than satisfactory?

- **Teacher support.** Is direct support for teaching provided through training opportunities, instructional materials, administrative and instructional aides, a quality instructional program, and the focus of teacher activities on classroom teaching?
- **Work environment.** Is the school climate conducive to positive teaching reinforcement through such factors as good school discipline, opportunity for teacher interaction, teacher decision-making opportunities, supportive administration and community, and good physical environment?
- **Cost and accountability.** Are the costs of teacher services supportable with the level of accountability and results which the district can demonstrate?

Additional data are needed to answer these questions. These data would include:

- Comparative information on salaries, benefits, and other forms of recognition in other school districts as well as in other occupations in the community.
- Assessment of the performance appraisal, teacher support, work environment systems, costs, and accountability procedures through staff, community, and/or outside consultant analysis.

Determine Specific Objectives

The final step in this task is to determine specific objectives or criteria that may be used in deciding whether to adopt teacher incentives, which specific incentive plans to use, and under what circumstances. These objectives may relate to general problems (such as quality of applicants), or to specific problems (such as starting salaries or the performance appraisal system).

Because many of the objectives will require additional resources, an analysis of cost/benefit tradeoffs will have to be made to determine whether objectives can be accomplished at reasonable cost.

Develop a Plan

If the analysis of the current situation results in the conclusion that incentives may assist the school district to improve, the next task is to develop an appropriate incentive plan. Several steps are suggested.

Select Prototype Plans

The information from Chapter 5 on types of incentives provides a framework for selecting a plan or plans for detailed review. The district's specific objectives can be matched with the discussion of benefits and liabilities to assist in selecting appropriate prototypes.

Develop Features of Preferred Plan

Using the general elements of the prototype plans, the specific incentive proposal can be developed in detail to meet local requirements. A number of specific considerations should be part of this development process.

Selection criteria. Criteria must be specified for making decisions about those eligible to participate in a plan and the levels of compensation (if compensation is to be varied on the basis of performance or other factors).

Resource estimates. Early in the development process, required resources and the likely levels of available resources should be estimated. Although a specific resource budget should accompany a final decision to adopt an incentive plan, basic design decisions must be made on the basis of estimates.

Participants, increments, and awards. Decisions about the number of participants and size of salary increments or monetary awards to be given should be made to determine whether the dollars needed match resource availability and board priority. This will foster early consideration of plans that, while they may use considerable resources, offer the prospect of significant results for the district.

Other incentive characteristics. Three other key decisions should be made with respect to salary increments or awards: should awards be based on individual or group performance; should participation in the incentive program be voluntary or involuntary; and should the awards be kept confidential or publicized?

Some incentives will necessarily be offered on an individual basis (for example, bonuses or higher entry salaries to attract new teachers), but others (such as rewards for outstanding performance) may be awarded to individual teachers, teams, departments, or whole schools. The decision will rest on a determination of the strategy most likely to accomplish the plan's objectives.

Decisions about whether participation is voluntary also must reflect specific goals and circumstances. If part of the reward for superior performance is added responsibility or a longer day or year, for example, voluntary participation may be advantageous. Salary differentiation, based on type of teaching assignment, on the other hand, would have to be applied to the entire teaching force.

Confidentiality and publicity also require judgments about the likely consequences of various courses of action in the district's particular community, and depend on the structure of the incentive plan. If a plan is to reward a small number of the teachers, and if there is a danger of demoralizing many of those who do not receive rewards, it may be decided to make awards without much publicity (if legally allowable). But recognition may have the potential for enhancing incentives, making widespread publicity an asset.

Administration. Once the features of the incentive program are identified, plans should be developed for

the program's administration. This will include the specification of activities, schedules, roles, and responsibilities. What will be done by whom and when ?

Which things will be done once, to get the program in place, and which will be repeated periodically? Who will provide needed leadership, make decisions, observe, rate performance, gather and analyze needed information, and resolve disagreements? How much time will each participant be expected to devote to his or her responsibilities, and what existing responsibilities will be transferred, delegated, dropped, or compressed (through greater efficiency) to make this possible?

Criteria. The district should develop and apply criteria to determine whether the specific plan developed is best suited to the district's needs and circumstances. A list of criteria might include the following:

- Relevance to district's needs and objectives
- Likelihood of achieving objectives
- Ability to build on existing strengths
- Acceptability to teachers, board, community, administrators
- Reasonableness of cost
- Ability to discriminate and reward accurately
- Ability to avoid destructive competition and jealousy
- Clarity and simplicity
- Ease of administration
- Flexibility
- Compatibility with other policies and procedures.

In general, incentives that satisfy more of the criteria will have a greater probability of success. But some criteria may be more important than others, and the planning group may want to assign weights. For example, relevance to objectives, likelihood of achieving objectives, acceptability, and reasonableness of cost clearly will be critical under any circumstances. But other factors such as flexibility, clarity, and simplicity, although desirable, may have to be compromised somewhat if, for example, a relatively complicated plan has such great promise of bringing about improvement that the district and constituents are willing to bear the cost associated with its complexity.

Desirable features. Some characteristics of incentive plans are likely to enhance program success. For example, in responding to multiple needs that might be addressed through incentives, most districts should consider combinations of incentives rather than a single approach. If some of the needed changes are long-term propositions (such as the full-scale implementation of a multi-tiered career ladder designed to motivate and retain outstanding teachers), it may be best to begin with a mixture of short and long-term efforts. The former will help sustain support by providing some immediate results and will lay the foundation for the more systemic reforms that require sustained effort over a period of years.

Also, if one of the objectives is to reward superior performance, use of multiple incentives can reduce the potential problems that may accompany special recognition. If recognition is given for different types of desired outcomes, if performance rewards reflect multiple criteria (perhaps a combination of performance and experience), if both individual and group performance are rewarded, and if recognition is spread throughout the year, the positive consequences of incentives may be accentuated and the negative impact on those excluded reduced.

Another generally desirable feature is the provision of graduated rewards to many teachers, rather than single-size rewards to just a few. One of the features of the Ladue plan that seems to promote acceptance by the teachers is that all teachers, except those whose performance is unsatisfactory, receive some merit pay. Recognition of truly outstanding performance is given through larger increases. This approach can eliminate the dangers of a reward system that clearly distinguishes "haves" from "have-nots."

Following is a checklist of features likely to be associated with the success of a plan:

- Combines approaches to meet diverse needs
- Involves teachers in design
- Gains widespread acceptance and support
- Has strong managerial commitment
- Becomes embedded and unobtrusive in time
- Provides gradations of recognition
- Clearly explains evaluation criteria and procedures
- Uses valid, reliable, objective performance measures
- Avoids arbitrary quotas
- Is simple to understand and administer
- Specifies clear roles and responsibilities
- Is flexible
- Is reviewed and revised periodically
- Is financially realistic
- Is compatible with other policies and procedures.

Assess Obstacles to Implementation

The final step in developing an incentive plan is to assess the obstacles to its implementation. Figure 7.2 lists six general categories of obstacles and suggests measures that might be taken to address each. Each district will face its own set of unique obstacles, but most problems will fall in the categories indicated in Figure 7.2.

The suggested responses represent general, common sense approaches, each of which will have to be tailored to fit a specific district's requirements. If incentives are to work, however, they should succeed in motivating (rather than antagonizing) teachers, and adequate resources should be invested to ensure the development of a sound program and the provision of sufficient rewards.

FIGURE 7.2
Possible Obstacles to Incentives

Obstacle	Ways of Addressing
Financial Requirements	• Determine and demonstrate likely benefits. • Lower cost of incentive program to minimum acceptable point. • Set priorities among possible expenditures and reallocate funds accordingly. • Seek additional sources of funds.
Effective Performance Appraisal —Validity —Reliability —Objectivity	• Demonstrate that performance appraisal requirements are possible to achieve and have been achieved in other districts. • If priority is sufficiently high, invest sufficient time and funds in development effort.
Teacher Opposition	• Include teachers in all phases of planning, development, and implementation. • Reassess and modify plan periodically.
Administrative Requirements	• Simplify plan to fullest extent possible. • Calculate costs of adequate administration and ensure needed support. • Provide adequate training. • Strengthen criteria for selection of administrators.
Collective Bargaining	• Involve teachers in planning and development work prior to bargaining. • Introduce intended plan into bargaining after sufficient planning. • Explain all potential benefits to teachers and safeguard against potential negative effects.
Legal Requirements	• Design plan to comply with relevant laws and regulations. • Collaborate with other districts and state officials to obtain needed exemptions or changes.

Reassess Earlier Decisions

The assessment of obstacles will ensure that the objectives and incentive plan are realistic. Some of the plan's features may have to be modified to reduce implementation obstacles.

Determine Cost

One of the most common obstacles to successful implementation of teacher incentive programs is cost. Teachers' organizations have expressed concern that financial limitations will require penalizing most teachers to reward a few (if funds that ordinarily would support across-the-board salary increases are used instead for selective performance awards), establishing arbitrary quotas on the number and sizes of incentive awards (resulting perhaps in disappointment among deserving teachers who are not recognized or in rewards that are so small they provide little motivation). Some districts conclude early in their planning that the costs of providing effective incentives are more than they can afford.

Estimate costs. In designing any incentive program it will be essential to develop detailed and realistic estimates of all likely costs, to specify intended benefits, to compare the potential benefits with other district objectives, and to determine whether the benefits are important enough to justify the required investment. Most districts have considerable experience in estimating costs but devote less attention to the analysis of possible benefits. Both components are necessary if sound decisions are to be made and if expectations are to be realistic.

Cost estimates should include all major categories of expenditures and factors that will affect costs in each category (such as number and size of awards). Thus, the analysis will lead to discussion of tradeoffs between the scope of an incentive program and its cost. Costs should be calculated on both a short-term and long-term (five-year) basis.

Long-term estimates serve the purpose of communicating to the community the need for sustained support over time and indicating likely cost trends (some programs will become increasingly expensive as they are phased in). This may prevent a negative reaction later on that might occur if a community feels that it committed itself to a plan without a full understanding of the future cost requirements.

Costs typically associated with incentive programs include the following:

- Salary increases
- Bonuses
- Benefits
- Retirement payments

- Awards
- Loan and scholarship payments
- Grants and sabbaticals
- Staff time (planning, training, administration, performance appraisal).

In categories representing the direct costs of the incentives themselves, basic estimates can be calculated by multiplying projected numbers of recipients by projected sizes of rewards. If rewards will vary in size, estimates of recipients at each level will be required. If the incentives are to include salary increases, other associated expenses (such as increased fringe benefits and retirement costs) must also be calculated. Also, in estimating long-term costs, the effects of larger (or smaller) than usual salary increases in the preceding years must be estimated.

Staff time requirements. Cost estimates should include staff time requirements, an item that is often overlooked. Many of the incentive programs described in this handbook will require considerable amounts of time in organizing the planning effort, conducting the planning, providing and receiving needed training, administering the program, and conducting performance appraisals. Some of these activities will require additional staff; some will require more time from existing staff.

As planning proceeds, specific time estimates should be developed for each required activity. These should be expressed in hours per year and translated into full-time equivalent (FTEs) positions. Once time requirements have been calculated, the district must decide whether these new responsibilities can be assumed by existing staff members or whether additional staff will be required. If existing staff are to do some or all of what is required, some of their current responsibilities will have to be eliminated, conducted more efficiently, or delegated. If they are to be transferred or delegated, more time (and perhaps staff) will be required elsewhere.

Types and costs of these other staff members must be determined. In some cases it may be possible to reduce the costs of conducting tasks by delegating them to staff who are paid less. For example, it may become apparent that principals are currently spending too much time on routine administrative paperwork that can be handled by administrative aides. If principals are required to devote more time to performance appraisal activities (setting objectives, observing, discussing observations and ratings with teachers, developing plans for remediation, and documenting all actions and judgments), the costs of performing some of their current duties may be minimized by hiring more aides rather than more high-level administrators.

Benefits. For the most part, projected benefits will parallel a program's objectives. In estimating benefits during planning, it is important to move from global goal statements to objectives that are as specific as possible. For each projected benefit, a rationale should be developed that indicates logically and convincingly the importance of the benefit relative to other district goals.

Value of cost benefit analysis. Specific cost benefit analyses will assist the board in making decisions about the best uses of discretionary funds. If the arguments for supporting an incentive program are convincing the board may decide to reallocate funds for its support. Further, the board may find the cost/benefit rationale sufficiently convincing to use in persuading others (taxpayers, local business and industry, foundations, states, the federal government) to supply additional funds.

Reassess earlier decisions. This detailed analysis of costs and benefits provides additional information which may lead to review of earlier steps to ensure that the objectives and the plan are realistic.

Develop an Implementation Plan

A sound incentive program is clearly essential to the attainment of objectives, but does not guarantee success. Many good incentive programs have failed because of flaws in implementation strategies. A realistic, sound implementation plan is critical.

An implementation plan should include four elements:

1. **Phase-in plan.** This element of implementation should determine how the plan will work during the first year, and in any other phase-in years. Who would participate or be eligible during phase-in, and what rules would govern the initial selection process (as distinct from normal operation after the plan is installed) would be determined.

A pilot test should be considered if the incentive program represents a major departure from current practice. The pilot should be carefully structured to phase in incentives, schools, and teachers in a way that will avoid early overload.

2. **Management plan.** This element should include specific responsibilities for implementation and deadlines.

3. **Communications plan.** A process for communicating the plan to teachers and community should be developed to ensure accurate understanding of the benefits, costs, and mechanics of the plan.

4. **Monitoring and assessment.** A plan should be developed for evaluating the program's effects, strengths, and weaknesses. Depending on the plan's objectives, assessment might include changes in teacher turnover; improvements in the qualifications of persons applying for teaching positions; improvements in communications and relationships among teachers and administrators; changes in teachers' attitudes toward the incentives; pace and extent of the program's growth; improvements in per-

formance appraisal and other supervisory activities; and changes in recruitment procedures and results.

The plan should include a procedure whereby the results of this assessment are discussed periodically to determine whether modifications are needed.

5. **Reassess earlier decisions.** The development of an implementation plan may lead to review of earlier steps to ensure that the plan is effective.

Approve/Install Plan

This is the final approval and installation of the incentive plan.

APPENDIX

National and State Responsibilities

Addressing the problems of attraction, retention, and motivation of quality teachers is a job that will require concerted action by many organizations. This handbook focuses primarily on incentives that school districts might employ. Organizations at other levels in the educational system also have the capacity to take actions specifically aimed at these problems. In this appendix we suggest several measures that could provide valuable support to local efforts to improve the quality of the teaching work force.

Federal Government

Three major responsibilities fall naturally into the province of the federal government:

- Financial assistance for qualified students to enter teaching, particularly in areas of national shortage
- Planning grants to selected districts to demonstrate the effective use of a range of incentives to improve the quality of teaching
- Research about the impact and effective use of different incentives in school districts and states.

As the major supplier of student postsecondary aid, the federal government is in a strong position to influence who prepares for teaching careers. The magnitude of the shortage of mathematics and science teachers calls for national attention. The federal government could sponsor loan forgiveness or grant programs for students with high academic averages who enter these fields.

Nationally sponsored planning grants to select school districts would provide opportunities for states and localities to observe the effects of alternative incentive systems. Although some of these alternatives are already under way, federal assistance could make possible a wider distribution of approaches.

That much of the inconclusive evidence about the functioning and impact of different incentive programs in public education is inconclusive is due to the absence of systematic research on past efforts. Educators are likely to repeat their mistakes unless careful attention is given to which incentives work and why. Federal sponsorship of this research would ensure its accessibility nationwide.

State Government

State authorities should consider four promising functions:

- The upgrading of the quality of teacher education and credentialing requirements
- Financial assistance to districts to undertake incentive systems
- Establishment of statewide incentive programs
- Technical assistance in the planning and implementation of incentives to improve the quality of teaching.

At the helm of the state higher education teacher credentialing systems, state officials possess a unique opportunity to inject new, more rigorous standards into teacher training and certification. Several alternatives, many of which are currently being tried, are worthy of consideration: academic standards for admission to colleges of education, accreditation requirements for teacher training institutions based on the qualifications of their graduates, recertification review procedures, and limiting subject matter credential waivers.

The past decade has witnessed the emergence of state governments as increasingly dominant funding partners in public education. Concerns about the financial equity of public school support prompted this shift away from a reliance on local revenues. States should reflect on their financial responsibilities to assist districts in their efforts to obtain and retain quality teachers. Equity concerns figure prominently in this responsibility, given the varying fiscal capacities of individual school districts within each state.

States also can establish statewide incentive systems to address attraction, motivation, and retention problems. Several states—such as California, Florida, Virginia, and Tennessee—are initiating such programs. The adoption of statewide incentive programs requires careful attention to the state/local control traditions within a state and provision for sufficient flexibility to allow districts to tailor incentives to their particular circumstances.

States' responsibilities also might include the provision of technical assistance to school districts contemplating or implementing their own incentive programs. Staff at the state level can provide outside guidance and share lessons gained from other localities.

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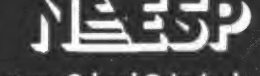
National Association of Secondary School Principals



National Association of Elementary School Principals

American Association of School Administrators

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